

## Independent Auditor's Report

March 13, 2024

Médecins Sans Frontières Japon

To: Yuko Nakajima, President

KPMG AZSA LLC, Tokyo Office

Designated Limited Liability Partner

Managing Partner

Shuuji Fukuhara, Certified Public Accountant

### <Audit of Financial Statements>

#### Audit Opinion

We have audited the accompanying balance sheet of Médecins Sans Frontières, a non-profit organization, as of January 1, 2023 through December 31, 2023, and the related statement of financial activities, notes to the financial statements, and a summary of assets (collectively, the audited documents will be referred as "financial statements, etc.").

In our opinion, the financial statements, etc. referred to above present fairly, in all material respects, the financial position and results of operations (changes in net assets) of the Company for the period, for which the financial statements were prepared, in conformity with accounting principles for public benefit corporations generally accepted in Japan.

#### Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan.

Our responsibility is to express an opinion on these financial statements based on our audit. We are independent of the corporation and fulfill our other ethical responsibilities as auditors in accordance with the provisions of the Code of Professional Ethics in Japan. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our opinion.

#### Other published materials

Other published material refers to the Moral Report. Directors are responsible for the disclosure of other published materials. The responsibility of the controller is to monitor the directors' performance of their duties in the development and operation of the Other published materials.

The auditor's duties related to the financial statements, etc. do not include any opinion related to Other published materials. The auditors' responsibilities regarding Other published materials are limited to reviewing the Other published materials for material inconsistencies with the financial statements, etc.

We do not have any matter to report related to the Other published materials.

#### Responsibility of Board Members and Controller for Financial Statements, etc.

The board members are responsible for the preparation and proper presentation of financial statements, etc., in conformity with accounting standards for public interest corporations generally accepted in Japan. This includes the establishment and operation of such internal control as the board members determine is necessary to enable the preparation and fair presentation of the financial statements and other financial information that are free from

material misstatement, whether due to fraud or error.

In preparing the financial statements, the board members are responsible for evaluating whether it is appropriate to prepare the financial statements based on the going concern assumption, and for disclosing matters relating to the going concern if such disclosure is required under generally accepted accounting principles in Japan for public interest corporations. The following is a summary of the terms and conditions of the agreement.

The responsibility of the controller is to monitor the board members' performance of their duties in the development and operation of the financial reporting process.

#### Auditor's Responsibility for the Audit of Financial Statements

The auditor's responsibility is to obtain reasonable assurance about whether the financial statements, taken as a whole, are free from material misstatement, whether due to fraud or error, based on the audit performed by the auditor, and to express an opinion on the financial statements from an independent perspective in the auditor's report. A misstatement is considered to be material if it could have been caused by fraud or error and, individually or in the aggregate, could reasonably be expected to influence the decisions of users of the financial statements.

The auditor shall, in accordance with auditing standards generally accepted as fair and reasonable in Japan and throughout the course of the audit exercise professional judgement and maintain professional skepticism in doing the following.

- Design and perform audit procedures that address the risks of material misstatement. The selection and application of audit procedures shall be at the auditor's discretion. In addition, obtain sufficient appropriate audit evidence to provide a basis for expressing an opinion.
- The purpose of an audit of financial statements is not to express an opinion on the effectiveness of internal control. However, in making those risk assessments, the auditor considers internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of the accounting policies and methods of application thereof adopted by the board members and the reasonableness of the accounting estimates and related notes made by the board members.
- The board members concludes whether it is appropriate to prepare the financial statements on the going concern basis and, based on the audit evidence obtained, whether there is a material uncertainty about events or conditions that would cast significant doubt on the going concern basis. If a material uncertainty regarding the going concern assumption is recognized, the auditor is required to draw attention in the auditor's report to the notes to the financial statements or, if the notes to the financial statements are not appropriate with respect to the material uncertainty, to express an opinion with qualifications on the financial statements. The auditor's conclusion is based on audit evidence obtained up to the date of the auditor's report, but future events or circumstances may cause the corporation to cease to exist as a going concern.
- Evaluate whether the presentation and notes to the financial statements conform to generally accepted accounting principles for public benefit corporations in Japan, and whether the financial statements, including the related notes, present fairly the underlying transactions and accounting events, as well as the presentation, organization, and details of the financial statements and related notes.

The auditor shall report to the controller on the planned scope and timing of the audit, significant audit findings, including significant deficiencies in internal control, identified during the course of the audit, and other matters required by the audit standards.

Stake

We have no interest in or relationship with the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act.

## Controller's Audit Report

Mar 13th, 2024

Médecins Sans Frontières, Japon

President: Yuko Nakajima

In accordance with the Act on Promotion of Specified Non-profit Activities, Article 18, I have conducted the assessment of Médecins Sans Frontières, Japon (hereinafter MSFJ) for the business year started 1st January 2023 and ended 31st December 2023.

### I. Summary of the methods used in the assessment:

#### (1) Financial Assessment

I attended the regular Board Meetings and got treasurer's report regarding the financial statements of MSFJ for 2023 discussed at Finance Committee as well as other important finance-related meetings. Furthermore, I obtained the explanation from the external auditors about the results of audit implemented for the Financial Statements for the above-mentioned period, in order to monitor and check the appropriateness of the method and process of the audit.

#### (2) Operational Assessment

I have monitored the appropriateness of the activities of the board members and operations of the MSFJ board for 2023, by obtaining explanation and opinions from the board members and office staff by attending the important meetings including regular board meetings.

### II. Results of the Audit

#### (1) Financial Assessment

I believe that the methods and the results of audit implemented by the external auditors are appropriate. In my opinion, the financial statements referred to above are prepared without material misstatement, whether due to fraud or error, in accordance with the accounting standards generally accepted in Japan.

#### (2) Operational Assessment

In my opinion, the board members had engaged in proper activities in their execution of duties and there has been no serious violation of NPO Law of Japan as well as the Articles of Associations etc.

Mitsuyo MORIKAWA, Controller

Balance Sheet

As of December 31, 2023

(Unit : JPY)

	2023	2022	Changes	
			Amount	%
<b>I Assets</b>				
<b>1. Current Assets</b>				
Cash and deposit with banks	2,777,988,728	2,810,506,330	(32,517,602)	-1.2%
Accounts receivable	247,872,265	220,130,359	27,741,906	12.6%
Prepaid expenses	13,543,284	11,089,782	2,453,502	22.1%
<b>Total Current Assets</b>	<b>3,039,404,277</b>	<b>3,041,726,471</b>	<b>(2,322,194)</b>	<b>-0.1%</b>
<b>2. Non Current Assets</b>				
Building structures	1,639,495	2,143,955	(504,460)	0.0%
Office equipment and fixtures	32,513,274	15,697,561	16,815,713	107.1%
Software	40,213,293	52,128,673	(11,915,380)	-22.9%
Long-term deposit	39,885,940	40,302,940	(417,000)	-1.0%
<b>Total Non Current Assets</b>	<b>114,252,002</b>	<b>110,273,129</b>	<b>3,978,873</b>	<b>3.6%</b>
<b>Total Assets</b>	<b>3,153,656,279</b>	<b>3,151,999,600</b>	<b>1,656,679</b>	<b>0.1%</b>
<b>II Liabilities</b>				
<b>1. Current Liabilities</b>				
Accounts payable	1,658,509,776	1,909,236,726	(250,726,950)	-13.1%
Deposits received etc.	11,477,787	343,641	11,134,146	3240.1%
<b>Total Current Liabilities</b>	<b>1,669,987,563</b>	<b>1,909,580,367</b>	<b>(239,592,804)</b>	<b>-12.5%</b>
<b>2. Non Current Liabilities</b>				
Provisions for retirement benefits	48,471,600	53,993,400	(5,521,800)	-10.2%
<b>Total Non Current Liabilities</b>	<b>48,471,600</b>	<b>53,993,400</b>	<b>(5,521,800)</b>	<b>-10.2%</b>
<b>Total Liabilities</b>	<b>1,718,459,163</b>	<b>1,963,573,767</b>	<b>(245,114,604)</b>	<b>-12.5%</b>
<b>II Net Assets</b>				
<b>Earmarked Net Assets</b>	-	-		
<b>Non-earmarked Net Assets</b>	1,435,197,116	1,188,425,833	246,771,283	20.8%
<b>Total Net Assets</b>	<b>1,435,197,116</b>	<b>1,188,425,833</b>	<b>246,771,283</b>	<b>20.8%</b>
<b>Total Liabilities and Net Assets</b>	<b>3,153,656,279</b>	<b>3,151,999,600</b>	<b>1,656,679</b>	<b>0.1%</b>

Statement of Financial Activities

For the year ended December 31, 2022

(Unit : JPY)

	2023		2022		Changes	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
I. Non-earmarked Net Assets Changes						
1. Changes in Operating Item						
(1) Operating Revenues						
① Donations	12,963,469,950	100.0%	13,006,036,409	100.0%	-42,566,459	-0.3%
Donations from private individuals	11,828,439,989	91.2%	11,852,813,891	91.1%	-24,373,902	-0.2%
Donations from private companies	1,038,408,695	8.0%	955,455,551	7.3%	82,953,144	8.7%
Donations from other organizations	96,621,266	0.7%	197,766,967	1.6%	-101,145,701	-51.1%
② Public institutional funds etc.	26,562,343		12,534,641		14,027,702	111.9%
Grants from Other MSF	26,562,343		12,534,641		14,027,702	111.9%
③ Other Revenues	5,617,015		5,110,898		506,117	9.9%
Association membership fee	474,051		594,157		-120,106	-20.2%
Interest income and revaluation gains etc.	5,142,964		4,516,741		626,223	13.9%
Total Operating Revenues	12,995,649,308		13,023,681,948		-28,032,640	-0.2%
(2) Operating Expenditures						
Social Mission Expenditures (①+②+③+④+⑤)	10,099,329,709	81.3%	10,261,046,185		-161,716,476	-1.6%
① Program & Program Support	9,512,059,532	76.6%	9,666,173,990	77.7%	-154,114,458	-1.6%
Financial contribution to operational centers (Grants)	9,512,000,000		9,663,014,454		-151,014,454	-1.6%
Other Program Support etc.	59,532		3,159,536		-3,100,004	-98.1%
② Operational Support Project	82,214,273	0.7%	78,013,658	0.6%	4,200,615	5.4%
Personnel expenses	40,478,674		38,199,001		2,279,673	6.0%
Others (Office rent, travel & depreciation etc.)	41,735,599		39,814,657		1,920,942	4.8%
③ Field HR management	148,864,845	1.2%	163,954,908	1.3%	-15,090,063	-9.2%
Personnel expenses	95,208,343		97,724,071		-2,515,728	-2.6%
Others (Office rent, travel & depreciation etc.)	53,656,502		66,230,837		-12,574,335	-19.0%
④ Advocacy activity	34,403,881	0.3%	30,398,170	0.2%	4,005,711	13.2%
Personnel expenses etc.	34,403,881		30,398,170		4,005,711	
⑤ Awareness-raising	321,787,178	2.6%	322,505,459	2.6%	-718,281	-0.2%
Personnel expenses	128,643,845		130,835,105		-2,191,260	-1.7%
Humanitarian aid public relations activities	105,049,000		100,158,713		4,890,287	4.9%
Agent service fee	42,327,166		42,584,016		-256,850	-0.6%
Others (Office rent, travel & depreciation etc.)	45,767,167		48,927,625		-3,160,458	-6.5%
Fundraising	2,060,383,209	16.6%	1,913,172,154	15.4%	147,211,055	7.7%
Personnel expenses	247,351,645		222,714,054		24,637,591	11.1%
Fundraising campaign expenses	1,438,132,319		1,341,112,487		97,019,832	7.2%
Agency service fees and system-related costs	144,332,700		139,564,994		4,767,706	3.4%
Communication and postage	69,318,509		70,303,348		-984,839	-1.4%
Printing fee	27,913,517		26,650,378		1,263,139	4.7%
Others (Office rent, travel & depreciation etc.)	133,334,519		112,826,893		20,507,626	18.2%
Management & General Administration	257,709,831	2.1%	273,934,634	2.2%	-16,224,803	-5.9%
Personnel expenses	130,619,691		140,823,511		-10,203,820	-7.2%
Association related expenses (except personnel)	22,820,012		10,925,932		11,894,080	108.9%
Others (Office rent, travel & depreciation etc.)	104,270,128		122,185,191		-17,915,063	-14.7%
Other International Contributions etc.	331,455,277	-	574,468,017	-	-243,012,740	-42.3%
Contribution to DNDi	26,348,632		23,546,455		2,802,177	11.9%
Contribution to Campaign for Access to Essential Medicines	35,738,704		32,321,439		3,417,265	10.6%
Contributions to MSF International Office	269,367,941		232,714,577		36,653,364	15.8%
Financial support to MSF Korea	-		285,885,546		-285,885,546	-100.0%
Total Operating Expenditures	12,748,878,026	100.0%	13,022,620,990	100.0%	-273,742,964	-2.1%
2. Changes in Non-Operating Item						
(1) Non-Operating Revenues						
Gain on prior periods adjustment	1		-		1	-
Total Non-Operating Revenues	1		-		1	
(2) Non-Operating Expenditures						
Total Non-Operating Expenditures	-		-		0	
Increase in Non-earmarked Net Assets	246,771,283		1,060,958		245,710,324	-
Non-earmarked Net Assets at Beginning of Year	1,188,425,833		1,187,364,875		1,060,958	-
Non-earmarked Net Assets at End of Year	1,435,197,116		1,188,425,833		246,771,283	-
II. Earmarked Net Assets Changes						
1. Accepted Earmarked Donations	45,777,000		182,373,659		-136,596,659	-
2. Transfer to Non-earmarked Net Assets	45,777,000		182,373,659		-136,596,659	-
Changes in Earmarked Net Assets	-		-		0	-
Earmarked Net Assets at Beginning of Year	-		-		0	-
Earmarked Net Assets at End of Year	-		-		0	-
III. Net Assets at End of Year to be carried forward	1,435,197,116		1,188,425,833		246,771,283	20.8%

Not-for-profit Organization Médecins Sans Frontières Japon  
Summary of Assets

As of December 31, 2023

(Unit: JPY)

	2023	2022	Changes
<b>I. Assets</b>			
<b>1. Current Assets</b>			
<b>Cash and cash equivalents</b>	<b>2,777,988,728</b>	<b>2,810,506,330</b>	<b>-32,517,602</b>
Petty cash	-	21,000	-21,000
Ordinary account (MUFG Bank,Ltd.)	377,470,026	1,187,949,629	-810,479,603
Ordinary account (Sumitomo Mitsui Banking Corp.)	1,767,501,122	419,013,647	1,348,487,475
Ordinary account (Mizuho Bank Ltd.)	166,361,089	110,102,522	56,258,567
Transfer Saving Account (Japan Post Bank Co., Ltd.)	190,035,580	883,077,936	-693,042,356
Ordinary account (Rakuten Bank Ltd.)	57,937,015	31,244,241	26,692,774
Ordinary account (SBI Sumishin Net Bank,Ltd.)	50,839,678	28,686,672	22,153,006
Ordinary account (Sumitomo Trust and Banking Co Ltd.)	43,461,453	37,703,378	5,758,075
Ordinary account (MUFG Trust and Banking Ltd.)	13,692,031	11,354,652	2,337,379
Fixed deposit (Sumitomo Mitsui Banking Corp.)	100,000,000	100,000,000	-
PayPal	10,690,734	1,352,653	9,338,081
<b>Accounts receivable</b>	<b>247,872,265</b>	<b>220,130,359</b>	<b>27,741,906</b>
Donation receivable from outsourced vendor	127,135,452	119,460,022	7,675,430
MSF France	14,411,796	13,857,596	554,200
MSF International Office etc.	27,108,854	12,902,864	14,205,990
Other MSF offices (Expatriates related expenses etc.)	77,971,525	70,251,566	7,719,959
Others	1,244,638	3,658,311	-2,413,673
<b>Prepaid expenses</b>	<b>13,543,284</b>	<b>11,089,782</b>	<b>2,453,502</b>
<b>Total Current Assets</b>	<b>3,039,404,277</b>	<b>3,041,726,471</b>	<b>-2,322,194</b>
<b>2. Non Current Assets</b>			
<b>Building structures</b>	<b>1,639,495</b>	<b>2,143,955</b>	<b>-504,460</b>
Leasehold Improvements	1,639,495	2,143,955	-504,460
<b>Office equipment and fixtures</b>	<b>32,513,274</b>	<b>15,697,561</b>	<b>16,815,713</b>
Furniture	1,700,353	1,681,622	18,731
Equipment and fixtures	30,536,281	14,015,939	16,520,342
Video equipment	276,640	-	276,640
<b>Software</b>	<b>40,213,293</b>	<b>52,128,673</b>	<b>-11,915,380</b>
<b>Long-term deposit</b>	<b>39,885,940</b>	<b>40,302,940</b>	<b>-417,000</b>
Office rent and others	39,885,940	40,302,940	-417,000
<b>Total Non Current Assets</b>	<b>114,252,002</b>	<b>110,273,129</b>	<b>3,978,873</b>
<b>Total Assets</b>	<b>3,153,656,279</b>	<b>3,151,999,600</b>	<b>1,656,679</b>
<b>II. Liabilities</b>			
<b>1. Current Liabilities</b>			
<b>Accounts payable (Grants etc.)</b>	<b>1,303,447,231</b>	<b>1,285,448,042</b>	<b>17,999,189</b>
Grants for MSF France	780,000,000	657,054,454	122,945,546
Grants for MSF Spain	260,000,000	314,380,000	-54,380,000
Grants for MSF Switzerland	65,000,000	78,495,000	-13,495,000
Grants for MSF Holland	68,447,231	78,528,588	-10,081,357
Grants for MSF Belgium	65,000,000	78,495,000	-13,495,000
Grants for WaCA	65,000,000	78,495,000	-13,495,000
<b>Accounts payable (Other national expenses)</b>	<b>355,062,545</b>	<b>623,788,684</b>	<b>-268,726,139</b>
<b>Deposits received etc.</b>	<b>11,477,787</b>	<b>343,641</b>	<b>11,134,146</b>
Others	11,477,787	343,641	11,134,146
<b>Total Current Liabilities</b>	<b>1,669,987,563</b>	<b>1,909,580,367</b>	<b>-239,592,804</b>
<b>2. Non Current Liabilities</b>			
<b>Provisions for retirement benefits</b>	<b>48,471,600</b>	<b>53,993,400</b>	<b>-5,521,800</b>
<b>Total Non Current Liabilities</b>	<b>48,471,600</b>	<b>53,993,400</b>	<b>-5,521,800</b>
<b>Total Liabilities</b>	<b>1,718,459,163</b>	<b>1,963,573,767</b>	<b>-245,114,604</b>
<b>III. Net Assets</b>			
<b>Earmarked Net Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Non-Earmarked Net Assets</b>	<b>1,435,197,116</b>	<b>1,188,425,833</b>	<b>246,771,283</b>
<b>Total Net Assets</b>	<b>1,435,197,116</b>	<b>1,188,425,833</b>	<b>246,771,283</b>
<b>Total Liabilities and Net Assets</b>	<b>3,153,656,279</b>	<b>3,151,999,600</b>	<b>1,656,679</b>

## Notes to Financial Statements

### 1. Significant Accounting Policies

#### (1) Basis of Preparation of Financial Statements

The "Accounting Standards for Public Interest Corporations" (April 11, 2008, amended on October 16, 2009 by the Public Interest Corporation Commission, Cabinet Office) is adopted.

#### (2) Depreciation and Amortization Methods for Fixed Assets

##### ① Property, plant and equipment are depreciated using the straight-line method.

Buildings and fixtures	3-5 years
Furniture, fixtures and video equipment	3-15 years

##### ② Software: Straight-line method. 3-5 years

#### (3) Revenue Recognition

In principle, donation income is recognized on a cash basis.

In addition to monetary donations, MSF Japan also receives in-kind donation such as pharmaceuticals and software. The value of these in-kind donation is reasonably estimated at the time of acquisition, recognized as "donation income," and expensed when the business is placed in service.

#### (4) Basis of Allowance

Allowance for retirement benefits

To provide for the payment of retirement allowances to employees, the amount required at the end of the fiscal year is recorded based on the retirement allowance regulations.

#### (5) Consumption taxes are accounted for by the tax-included method.

#### (6) Operating Expenses

Expenses are presented separately by major activity.

##### ① Social mission

Costs to support activities, including humanitarian assistance, staff recruitment for field activities, medical care and research and development, public relations and advocacy costs, etc.

##### ② Fundraising expenses

##### ③ Administrative expenses

##### ④ Other expenses for MSF overseas offices and support for essential drug campaigns and new drug development initiatives



2. Increase/decrease in basic assets and specific assets - Not applicable.
3. Breakdown of basic assets, etc. of basic assets and specific assets - Not applicable.
4. Assets pledged as collateral - Not applicable.
5. Acquisition cost, accumulated depreciation and balance at the end of the current fiscal year for fixed assets

Acquisition cost, accumulated depreciation and balance at the end of the current period for fixed assets are as follows

(Unit: Yen)

	Acquisition cost	Accumulated depreciation	Balance at end of current fiscal year
Building accessories	54,016,634	52,377,139	1,639,495
Office furniture and fixtures	121,593,928	89,080,654	32,513,274
furniture	20,184,465	18,484,112	1,700,353
Furniture and fixtures	94,966,765	64,430,484	30,536,281
video equipment	6,442,698	6,166,058	276,640
software	104,901,296	64,688,003	40,213,293
Total	280,511,858	206,145,796	74,366,062

6. Contingent liabilities such as guarantee obligations - Not applicable.

7. Breakdown of transfers from restricted fund to general fund

The breakdown of the amount transferred from restricted fund to general fund is as follows

(Unit: Yen)

	Amount
Transfer to ordinary revenues	
Purpose restrictions accomplished	45,777,000
Total	45,777,000

8. Allowance for retirement benefits

(1) Outline of the retirement benefit plan adopted – lump-sum retirement benefit plan in accordance with internal rules.

(2) Retirement benefit obligation and its breakdown

48,471,600 yen Retirement benefit obligation,

48,471,600 yen Allowance for retirement benefits

(3) Retirement benefit expenses 8,971,500 yen

9. Breakdown of the allocation of humanitarian aid program support for the current fiscal year.

(Unit: Yen)

	Donations from domestic supporters	Total Program Support Funds
MSF France	5,707,200,000	5,707,200,000
MSF Spain	1,902,400,000	1,902,400,000
MSF Switzerland	475,600,000	475,600,000
MSF Netherlands	475,600,000	475,600,000
MSF Belgium	475,600,000	475,600,000
MSF WaCA	475,600,000	475,600,000
Total	9,512,000,000	9,512,000,000

10. Significant subsequent events – Not applicable.