Ludwig Institute for
Cancer Research Ltd, Zurich

Report of the Statutory Auditor to the
General Meeting on the

Consolidated Financial Statements 2022

KPMG AG
Zurich, May 17, 2023

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Report of the Statutory Auditor to the General Meeting of
Ludwig Institute for Cancer Research Ltd, Zurich

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Ludwig Institute for Cancer Research Ltd and its subsidiaries (the Group), which comprise the consolidated balance sheet as at December 31, 2022 and the consolidated statement of income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2022, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the “Auditor's Responsibilities for the Audit of the Consolidated Financial Statements” section of our report. We are independent of the Group in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of the company and our auditor’s reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' Responsibilities for the Consolidated Financial Statements
The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Swiss GAAP FER and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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 override of internal control.
- Obtain 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 consolidated 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. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors 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.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

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

KPMG AG

M. Schaad | N. Maibach

Martin Schaad
Licensed Audit Expert
Auditor in Charge

Noemi Maibach
Licensed Audit Expert

Zurich, May 17, 2023

Enclosure:
- Consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of cash flows, consolidated statement of capital changes and notes to the consolidated financial statements)

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2022

	Notes	USD 2022	USD 2021
Assets			
Cash and cash equivalents	2, 3	20,387,357	16,643,275
Financial assets	2, 4, 9	1,222,610,027	1,475,884,689
Trade receivables		95,197	59,874
External funding receivables	2	912,964	1,448,901
Other short-term receivables	5, 13	1,010,165	6,533,654
Prepaid expenses and accrued income		1,436,212	2,669,515
Total current assets		**1,246,451,922**	**1,503,239,908**
Financial assets	2, 6	512,376,094	677,486,054
Investments	2, 7	300,427	444,772
Net deferred tax assets	2, 19	1,917,536	2,805,000
Leasehold improvements, equipment and other assets	2, 8	960,712	347,892
Total non-current assets		**515,554,769**	**681,083,718**
Total assets		**1,762,006,691**	**2,184,323,626**
Liabilities			
Short-term accounts payable	11	10,192,885	3,564,111
Other short-term liabilities	3, 9, 12	1,109,004	925,685
Short-term provisions	13	0	3,361,854
Accrued short-term expenses		4,492,958	5,245,889
Deferred income	2, 14	2,144,290	6,634,902
Total short-term liabilities		**17,939,137**	**19,732,441**
Other long-term liabilities	15	1,765,522	2,014,758
Long-term provisions	16	6,895,469	10,768,086
Total long-term liabilities		**8,660,991**	**12,782,844**
Total liabilities		**26,600,128**	**32,515,285**
Shareholders' equity			
Share capital	1	49,618	49,618
Donated capital	1	572,000,000	572,000,000
General legal retained surplus	1	9,924	9,924
Voluntary retained surplus	1	1,163,347,021	1,579,748,799
Total shareholders' equity		**1,735,406,563**	**2,151,808,341**
Total liabilities and shareholders' equity		**1,762,006,691**	**2,184,323,626**

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2022

	Notes	USD 2022	USD 2021
Operating income			
Contributions and dividends	2	47,191	45,802
External funding	2, 14	10,198,868	11,281,717
License fees and royalties		2,647,436	2,480,060
Other operating income	8, 18	9,139,225	3,084,406
Total operating income		**22,032,720**	**16,891,985**
Operating expenses			
Salaries and social benefits	10, 17	26,630,376	28,094,635
Laboratory supplies		4,071,680	3,540,405
Equipment and leasehold improvements	2, 8	1,618,299	2,010,322
Clinical trial studies		2,539,001	2,322,911
Core collaborative research programs	2	35,194,708	34,518,907
Other collaborative research programs	2	2,675,742	4,298,730
Occupancy		4,005,986	4,177,910
Travel, conferences and seminars		462,450	88,193
Professional fees and services		15,240,622	13,009,613
Patent and inventors' costs		1,733,983	957,107
Depreciation	2, 8	188,128	31,995
Other operating expenses	18	16,791,222	1,359,716
Total operating expenses		**111,152,197**	**94,410,444**
Other items			
Share of operational loss and capital items in associated entity	7	(310,703)	(853,333)
Gain on foreign exchange		830,522	342,909
Loss on foreign exchange		(1,059,658)	(681,861)
Interest and other financial cost		(688)	0
Interest and other financial income		2,846,174	2,562,225
Gain on financial assets and investments	2, 4, 9	104,539,268	398,415,510
Loss on financial assets and investments	2, 4, 9	(441,187,717)	(157,174,566)
Extraordinary income / (expense)	13	3,943,862	0
Total other items		**(330,398,940)**	**242,610,884**
Surplus for the year before taxes		(419,518,417)	165,092,425
Taxes			
Current income tax income / (expense)	2, 19	(486,165)	(67,263)
Deferred income tax income / (expense)	2, 19	(887,808)	(1,328,115)
Total taxes		**(1,373,973)**	**(1,395,378)**
Retained surplus			
(Deficit) / Surplus for the year after taxes		(420,892,390)	163,697,047
Voluntary retained surplus at the beginning of the year		1,579,748,799	1,411,385,061
Net change in restricted funds	2, 14	4,490,612	4,666,691
Voluntary retained surplus at the end of the year		**1,163,347,021**	**1,579,748,799**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2022

	Notes	USD 2022	USD 2021
Operating activities			
(Deficit) /Surplus for the year after taxes		(420,892,390)	163,697,047
Net change in restricted funds	14	4,490,612	4,666,691
Adjustments for non-cash items			
Share of operational loss capital items in associated entity	7	310,703	272,895
Net loss / (gains) on financial assets		257,659,958	(231,295,942)
Deferred tax changes	2, 19	887,464	1,156,371
Forex (loss) / gain on cash and cash equivalents		78,288	46,149
Depreciation / Impairment	2	188,228	32,014
Other movements in operating assets and liabilities			
Increase / (Decrease) in provisions		(7,234,471)	(2,884,213)
(Increase) / Decrease in current and non-current financial assets and investments		79,169,117	(9,956,721)
Decrease / (Increase) in receivables		6,024,103	(2,150,332)
Decrease in prepayments and accrued income		1,233,303	(431,546)
(Decrease) / Increase in current liabilities		6,812,093	(23,816,956)
(Decrease) in accrued liabilities and deferred income		(5,243,543)	(4,252,338)
Increase in long-term liabilities and long-term accrued expenses		(249,236)	182,761
Cash flow from operating activities		**(76,765,771)**	**(104,734,120)**
Investing activities			
Investment in tangible fixed assets	2	(660,948)	(181,359)
Investment in financial assets		(540,950,575)	(553,629,107)
Sale of financial assets and repayment of loans		622,199,664	657,712,470
Cash flow from investing activities		**80,588,141**	**103,902,004**
Net cash (outflow) / inflow		**3,822,370**	**(832,116)**
Cash and cash equivalents at January 1		16,643,275	17,521,540
Forex effect on cash and cash equivalents		(78,288)	(46,149)
Net cash (outflow) / inflow		3,822,370	(832,116)
Cash and cash equivalents at December 31		**20,387,357**	**16,643,275**

CONSOLIDATED STATEMENT OF CAPITAL CHANGES FOR THE YEAR ENDED DECEMBER 31, 2022

Shareholders' equity

The share capital consists of 50 fully paid shares of nominal value CHF 1,000 each. The shareholders do not have any interest in the assets or income of the Ludwig Institute for Cancer Research Ltd. Their sole power is to exercise their voting rights in accordance with the exclusively charitable and scientific purposes of the Institute.

USD	Share Capital	General legal retained surplus	Donated capital	Voluntary retained surplus	Shareholders' equity
Balance at December 31, 2020	49,618	9,924	572,000,000	1,411,385,061	1,983,444,603
(Deficit) / Surplus for the year	0	0	0	163,697,047	163,697,047
Net change in restricted funds	0	0	0	4,666,691	4,666,691
Balance at December 31, 2021	**49,618**	**9,924**	**572,000,000**	**1,579,748,799**	**2,151,808,341**
(Deficit) / Surplus for the year	0	0	0	(420,892,390)	(420,892,390)
Net change in restricted funds	0	0	0	4,490,612	4,490,612
Balance at December 31, 2022	**49,618**	**9,924**	**572,000,000**	**1,163,347,021**	**1,735,406,563**

Donated capital

Universe Tankships, Inc. made the following donations to LICR Fund, Inc.:

	Year	USD Amount
Initial donation	1990	500,000,000
Second donation	1991	24,000,000
Third donation	1992	48,000,000
Total		**572,000,000**

Voluntary retained surplus

The Statutes of the Ludwig Institute for Cancer Research Ltd stipulate that the surplus for the year is not to be distributed to shareholders and accordingly the available voluntary retained surplus is carried forward.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2022

1. Accounting principles and scope of consolidation

Basis of presentation

The accompanying consolidated financial statements of the Ludwig Institute for Cancer Research Ltd (the Institute) are presented in accordance with generally accepted accounting principles in Switzerland (Financial Reporting Standards - Swiss GAAP FER).

Scope of consolidation

The consolidated financial statements include the financial results of the Institute, a not-for-profit organization incorporated in Zurich, Switzerland, the LICR Fund, Inc. (the Fund), a not-for-profit membership corporation incorporated in Delaware, U.S.A, which was established to receive, hold and invest funds on behalf of the Institute and which is effectively controlled by the Institute, and Universe Tankships, Inc. (UTI), a Marshall Islands corporation, which is a wholly-owned subsidiary of the Institute.

All inter-company transactions and balances have been eliminated. No minority interests exist for either the Fund or UTI.

Ludwig Technologies, Inc., a Delaware, USA corporation wholly owned subsidiary of the Institute, has been accounted for at acquisition cost. Similarly, investments of insignificant value or negative equity, in which the Institute holds at least 20% but not more than 50%, have been accounted for at acquisition cost and, if applicable, adjusted for impairment losses.

Vaccitech Oncology Limited (VOLT), Oxford, UK, is a company founded in 2019 to collaborate with Vaccitech Limited. The Institute's share is 24% of the capital and is accounted for at acquisition cost and, if applicable, adjusted for impairment losses.

Nature of operations

The Institute carries out its scientific and clinical activities at various Branches in conjunction with hospitals in university medical centers. During 2022 the Institute’s research Branches were situated in Lausanne, Oxford, Princeton and San Diego and research laboratories in Brussels, at the Memorial Sloan Kettering Cancer Center in New York and at the Wistar Institute in Philadelphia. The latter two were replaced during 2022 by the Weill Cornell Medical College in New York and the Johns Hopkins University in Baltimore. In addition, administrative offices were maintained in New York and Zurich. The Institute has a broadly based research program that addresses the challenge of cancer using the disciplines of cell biology, genetics, immunology, molecular biology and virology.

2. Accounting policies and valuation standards

Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, funds on call and cash deposits.

Core and other collaborative research programs

Collaborative research programs are divided into core and other collaborative research programs. The Lausanne Branch, the Oxford Branch, the Princeton Branch, Memorial Sloan Kettering Cancer Center (MSKCC), New York, the Wistar Institute, Philadelphia, the Weill Cornell Medical College, New

York, and the Johns Hopkins University, Baltimore, are considered as core, whereas all other research activities are considered as other.

Current assets - Financial assets
Investments with readily determinable fair values in debt and equity securities are reported at fair value based upon the last quoted market price or published net asset value for certain investment funds with characteristics similar to a mutual fund. Publicly traded investments are valued at the last reported sales price on the date of valuation, as quoted on major securities exchanges. Securities that are not traded on major securities exchanges are valued based on quotations received from leading vendors. Forward foreign currency contracts are valued based on the average of closing bid and asked quotations from banks and brokers. Pooled investments are funds that are not held at the Fund's custodian bank. These funds are part of multiple investors' commingled funds, which are invested in one or more asset classes by a fund manager. These investments are valued at their closing published net asset value per share on the valuation date, which is their redeemable value.

The Fund invests in limited partnerships formed for the purpose of earning returns from alternative investment strategies. Investments in limited partnerships held by the Fund are reported at net asset value as a practical expedient for fair value, which generally represents the Fund's proportionate share of the net assets of the investee partnerships as reported by them and reviewed by management for reasonableness. The underlying partnerships in which the Fund invests may hold nonmarketable securities, the fair value of which has been determined by the general partners of the respective partnerships. The Fund's proportionate share of net asset values may differ significantly from the fair values that would have been used had a ready market existed. The Fund's proportionate share of the change in values of the investee partnerships is recorded as an increase or a decrease in the net investment return in its statements of activities. Investments in mutual funds are valued at their closing published net asset value per share on the valuation date, which is their redeemable value.

Securities transactions are recorded on the trade date. Realized gains and losses on security transactions are calculated on the average cost basis.

The Fund invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and could materially affect the amounts reported in the Balance Sheet.

Non-current assets – Financial assets and investments
Financial assets held by the Fund which are subject to a redemption or lockup period of more than one year are presented as non-current assets.

Financial assets held by other consolidated entities are presented as non-current assets based on the intention to keep them for the longer term.

If fair values are readily determinable, these financial assets are reported at fair value based upon the last quoted market price.

Investments in companies where the holding is greater than 20% of the share capital are valued using the equity method, unless they are of insignificant value or hold negative equity.

Other financial assets and investments are accounted for at acquisition cost and adjusted for impairment losses, if applicable.

External funding
External funding received from any outside source, whether of a cash or a non-cash nature, is recorded in the books of the Institute upon receipt as Deferred income. External funding received is converted to income when the corresponding expenditure is incurred. Any unspent external funding is deferred to future accounting periods until the corresponding expenditure is incurred or excess funding is returned to the external funding partner once the project has been concluded. External funding pledged but not received in respect of an expenditure that has been incurred is recorded as income and is accounted for on the balance sheet as External funding receivables.

Tangible and intangible assets
The Institute's expenditure on research equipment, leasehold improvements and other assets is expensed in the year it is incurred in accordance with accepted practice for cancer research organizations. The resale value of research equipment is minimal and no significant income is generated therefrom. With respect to UTI as a taxable entity, purchases of equipment and leasehold improvements are capitalized and depreciated.

All operating expenditure, including the cost of patenting and licensing intellectual property, is expensed in the year it is incurred.

Taxes
The Institute and the Fund are tax-exempt organizations and accordingly are not subject to income and capital taxes. UTI is subject to income and capital taxes. Deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Withholding taxes on foreign dividends and interest have been provided for in accordance with the applicable countries' tax rates.

3. Pledged assets

The Institute has pledged assets held by a financial institution to that institution totaling to USD 0.2 million in 2022 and USD 0.2 million in 2021. These amounts are included under Cash and cash equivalents and are used as collateral for various letters of credit totaling to a total of USD 0.2 million. The letters of credit have been issued to the lessors of various office premises occupied by the Institute.

The Fund obtained an advised line of credit through its financial institution on April 10, 2019. The total credit available under this agreement was USD 35.0 million as of December 31, 2022 and 2021. There were no amounts outstanding as of December 31, 2022 and 2021. The expiration date is

August 28, 2023 and the agreement may be terminated by either party with written notice. The line of credit is collateralized by qualifying assets with a fair value of approximately USD 73.9 million and USD 104.5 million at December 31, 2022 and 2021, respectively.

4. Current assets - Financial assets

Financial assets held as current assets as at December 31, 2022 and 2021 were as follows:

	USD	
Description	2022	2021
Invested cash and cash equivalents		
- US Dollars	34,016,329	13,993,305
- Other currencies	1,141,238	2,286,867
Equity investments	46,175,990	44,770,099
Fixed income investments		
- Government	25,448,773	38,725,074
- Corporate	6,566,918	5,607,883
Investments at net asset value	1,108,909,639	1,362,396,400
Due from brokers	(67,454)	8,214,547
Net unrealized gain / (loss) on forward contracts	418,594	(109,486)
Total current financial assets	**1,222,610,027**	**1,475,884,689**

5. Other short-term receivables

Other short-term receivables of USD 1,010,165 as at December 31, 2022 and USD 6,533,654 as at December 31, 2021 mainly contained short term deposits and receivables in connection with collaboration partners. As at December 31, 2021, additionally, a receivable from the Swiss VAT authorities (see 13. Other short-term provision) and receivables in connection with the leasehold improvement of the New York offices was included.

6. Non-current assets - Financial assets

Description	USD 2022	2021
Arima Genomics		
Net investment	210	210
Share in capital and voting rights	3.34%	3.34%
Epigenome Technologies, Inc.		
Net investment	5	5
Share in capital and voting rights	1.00%	1.00%
iOx Therapeutics Limited		
Net investment	0	33
Share in capital and voting rights	0.00%	9.90%
Portage Biotech, Inc.		
Net investment	1,307,831	0
Share in capital and voting rights	1.48%	0.00%
Life Sciences Pharmaceuticals, Inc.		
Net investment	1,457	1,457
Share in capital and voting rights	13.65%	13.65%
Other		
Fixed income securities	4,171,620	4,723,860
Investments at net asset value	504,572,032	670,116,760
Loans to staff	520,000	541,553
Long-term deposits	37,418	87,418
US 457(b) Pension plan (see Note 14)	1,765,521	2,014,758
Total financial assets	**512,376,094**	**677,486,054**

The Institute is committed to disseminating its know-how to the global research community. The holdings in the start-up organizations shown under Financial assets in the Balance Sheet are the result of licensing arrangements, with start-up organizations or their successors, transferring Institute research knowledge to these companies. Participation in these entities does not form part of the Institute's long-term strategy and the respective Financial assets, if not quoted on a stock exchange, are valued at acquisition cost and if applicable, adjusted for impairment losses.

In 2022 a share exchange was performed in which the Institute surrendered the iOx Therapeutics Limited shares and received in exchange shares of Portage Biotech, Inc, incorporated in British Virgin Islands. As of December 31, 2022 the shares of Portage Biotech, Inc. were quoted at a stock market value of USD 1,307,831.

The Institute has granted various housing loans to staff. The outstanding long-term receivables totaled to USD 520,000 as at December 31, 2022 and USD 541,553 as at December 31, 2021. Short-term receivables for these loans are recorded under Other short-term receivables and amounted to USD 3,554 in 2022 and USD 6,400 in 2021.

7. Non-current assets - Investments

Description	USD 2022	USD 2021
Investment in Vaccitech Oncology Limited (VOLT)		
Share capital	1,389	1,557
Share premium	6,558,685	7,350,510
Cumulated results	(5,295,274)	(5,418,221)
percentage owned and voting rights	24.00%	24.00%
Net investment at January 1	444,245	444,245
Share of capital and premium change	0	296,886
Share of net loss	(310,703)	(272,895)
Translation adjustment	166,458	(23,991)
Net investment at December 31, VOLT	**300,000**	**444,245**
Miscellaneous investments	427	527
Total investments at December 31	**300,427**	**444,772**

On January 16, 2019, the Institute entered into an investment agreement with Vaccitech Limited, Oxford, United Kingdom (Vaccitech) and Vaccitech Oncology Limited, Oxford, United Kingdom (VOLT). Vaccitech is an Oxford-based biopharmaceutical company that holds certain intellectual property rights relating to a platform technology, which it is developing for several therapeutic and prophylactic indications in humans and animals. Vaccitech has licensed intellectual property rights associated with viral vectors for use within the field of oncology to VOLT. The objective of this collaboration is to translate the evaluation of the cancer vaccine checkpoint combination into clinical trials with cancer patients whose tumors expressing MAGE-A3 and/or NY-ESO-1 antigens, to determine the safety and efficacy of the immunotherapy combination. The original investment was USD 2,999,641 and impairments have been performed to reach the current value.

With respect to miscellaneous investments in which the Institute holds at least 20%, the following information is provided:

i. The nominal share capital of Recepta Biopharma S.A., Sao Paulo, Brazil, is BRL 1,000. The company conducts medical research and develops, produces and commercializes humanized antibodies for the diagnosis of human cancer. The Institute holds 26.1% of the shares and of the voting rights.

ii. In order to administer intellectual property assets in areas other than cancer, in 2010 the Institute founded Ludwig Technologies, Inc., Delaware, USA. The nominal share capital is USD 100. Ludwig Technologies, Inc. holds 14.05% of the shares and of the voting rights in the company Extended Delivery Pharmaceuticals, LLC, Connecticut, USA. This biotechnology company is developing a long-acting type of insulin.

iii. In 2010, the Institute entered into a joint venture with The Cancer Research Institute, New York, USA, and formed the company Cancer Vaccine Acceleration Company, LLC, Delaware, USA. The purpose of the company was to identify novel opportunities for the development of cancer vaccine and immunotherapy and to obtain, hold and develop intellectual property. Cancer Vaccine Accelaration Company, LLC, was dissolved during 2022.

8. Tangible fixed assets

During the years ended December 31, 2022 and December 31, 2021, the purchase of equipment and other assets and expenditure on leasehold improvements, totaling to USD 1,618,299 and USD 2,010,322 respectively, was expensed in the year of acquisition. In 2022 and 2021, significant expenditures were made in connection with the move of the New York office. Expenditures in 2022 additionally included expenditure regarding the refurbishment of the office in Zurich, whereas 2021, significant expenditures were made for scientific equipment.

Receipts arising from the disposal of equipment and other assets totaling to USD 3,902 and USD 2,864, respectively, were credited in full to Other operating income.

9. Forward currency contracts

The Fund enters into forward foreign currency contracts in order to hedge its exposure to changes in foreign currency exchange rates on its assets and liabilities denominated in foreign currency. In 2022 and 2021, unrealized gains of USD 722,825 and USD 308,489 and unrealized losses of USD 304,231 and USD 417,975, respectively, arose from contracts open at year end and are included in gain and loss on financial assets and investments in the Income Statement and in the Current assets - Financial assets in the Balance Sheet. They represent the changes in fair value of the contracts from the time of the Fund's conclusion of the contracts.

The notional values of the forward foreign currency contracts held by the Fund translated at the relevant year-end exchange rates were as follows:

	USD	
Description	2022	2021
Forward currency purchases	31,450,594	34,981,981
Forward currency sales	31,869,188	34,872,495

10. Pension Schemes

Pension schemes have been established at all Institute locations.

The consolidated annual cost of the employer's contributions in 2022 and 2021 for all plans amounted to USD 1,623,079 and USD 1,793,814 respectively, and is accounted for as Salaries and social benefits.

The following table shows all the pension schemes for which information is required under Swiss GAAP FER 16. All amounts are in thousands:

USD	Deficit 31.12.2022	Share of Commitment* 31.12.2022	Share of Commitment* 31.12.2021	Net Change in Commitment	Contributions 2022	Total Income / (Expense) 2022	Total Income / (Expense) 2021
LGI Qualified plan (USA)	(385)	(385)	(2,242)	1,857	0	1,857	2,949
LGI Supplemental plan (USA)	(6,510)	(6,510)	(8,526)	2,016	(136)	1,880	(390)
AXA Foundation for Occupational Benefits (CH)	N/A	0	0	0	(334)	(334)	(348)

* Economic commitment

In **Switzerland**, the Institute operates a scheme with the AXA Foundation for Occupational Benefits (AXA) for staff employed in Switzerland.

In **Belgium**, a scheme was in place during 2022 and 2021 providing target benefits upon retirement to staff at the Brussels Branch. The plan is administered by and funds are invested with the AG Insurance Company, Brussels. The insurance company recalculates the contributions to be paid to finance the target pension benefits on an annual basis. A new plan was introduced per January 1, 2018, for personnel joining the Institute thereafter. This plan is based on defined contribution and administrated with the AG Insurance company as well.

In the **United Kingdom**, the Institute is a registered employer with the Universities Superannuation Scheme Ltd (the USS scheme) which, under the defined benefits section, sets the level of contributions based on the advice of the scheme's actuary. The main employer is Universities UK. In view of the size of the scheme and the Institute’s limited participation in the management of the scheme, this scheme is treated as a defined contribution scheme. The last actuarial valuation took place on March 31, 2017, and this showed, under the Technical Provisions basis as required by the UK Pensions Regulator, a funding level of 89%. Taking account of the underfunding of the scheme, various changes to the benefit structure are under discussion between the main employer and representatives of the members, the University and College Union. As the Institute has less than 20 active staff members in the scheme, it is not party to the consultation process.

Following legislation introduced in the United Kingdom in September 2005, special provisions apply in the event of either an employer winding up a pension scheme or causing a cessation event to occur as a registered employer of a multi-employer pension scheme. In these cases, the employer is required to make additional funding available to buyout all liabilities with an insurance company (defined either as “buyout-debt” or “Section 75 debt”) or, for multi-employer schemes with continuing indirect participation, to enter into an approved withdrawal agreement (AWA). Subject to agreement with the trustee of the pension scheme and the pension regulator, under an AWA, a guarantee is to be provided by the employer to the trustee of the pension scheme and the additional funding requirement is deferred until the trustee requires it to be paid or the scheme commences wind-up.

The Institute’s Board of Directors has reviewed the position considering the various on-going employment situations in the United Kingdom. As the USS scheme continues to have active members, and it is intended to retain the scheme for active members, the Board has concluded that there is no need to make provision for buyout-debt as at December 2022 and 2021.

Buy-out liability for the Institute for the the USS scheme in the United Kingdom based on information provided by the scheme representative using the last valuation as of March 31, 2017 and latest available estimation as per March 31, 2022, is estimated to be GBP 7.2 million (USD 8.7 million) as at December 31, 2022 and GBP 9.1 million (USD 12.4 million) as at December 31, 2021.

In the **United States of America**, the Institute operated The Ludwig Institute for Cancer Research Retirement Savings Plan (the LICRRS Plan). The LICRRS Plan is organized under Section 403(b) of the Internal Revenue Code and is a defined contribution scheme.

The total of short-term liabilities related to pension schemes is set out in Note 11.

In the **United States of America**, The Ludwig Group Inc. (LGI), a wholly owned subsidiary of UTI, maintained both a qualified and a supplemental retirement plan. LGI did not make any contributions to the qualified plan in 2022 or 2021, nor does it expect to make any contributions in 2023. In the supplemental plan, contributions of USD 136,327 were paid in 2022 and USD 202,447 in 2021. Benefits of USD 1,814,558 in 2022 and USD 2,105,933 in 2021 were paid out in respect of both plans. The qualified plan is funded and the supplemental plan is unfunded. The long-term provisions in respect of the two LGI plans are set out in Note 15.

11. Short-term accounts payable

This item mainly includes invoices from cooperation partners relating to their last quarter costs, which we did not settle until the new year.

12. Other short-term liabilities

	USD	
Description	**2022**	**2021**
Other short-term liabilities to third parties (see also note 3)	1,069,468	878,300
Other short-term liabilities to pension funds	39,536	47,385
Total other short-term liabilities	**1,109,004**	**925,685**

13. Short-term provisions

USD	**Tax related**	**Total**
Provisions as per December 31, 2020	3,484,508	3,484,508
Additions	0	0
Utilizations	0	0
Release of provisions	0	0
Currency adjustments	(122,654)	(122,654)
Provisions as per December 31, 2021	**3,361,854**	**3,361,854**
Additions	0	0
Utilizations	0	0
Release of provisions	(3,361,854)	(3,361,854)
Currency adjustments	0	0
Provisions as per December 31, 2022	**0**	**0**

VAT tax claim

The Institute is registered for Value Added Tax (VAT) in Switzerland.

During 2017, the Institute was invoiced for an amount of CHF 3,762,506 (USD 4,075,063) by the Swiss Federal Tax Administration with respect to the amounts claimed by the tax authorities for the years 2007 to 2009.

Of this amount, CHF 2,769,717 (USD 2,999,802) was in respect of VAT claimed by the Swiss Federal Tax Administration for the years 2007 to 2009 and CHF 992,789 (USD 1,075,261) was in respect of interest charged on the tax claimed. The Institute settled the amounts invoiced under reservation, noting that the Institute continues to dispute the claims. The total payment is recorded in the books under Other short-term receivables.

Following a reassessment by Institute Management in 2017 regarding the claims made by the Swiss Federal Tax Administration, it was decided to retain a provision in the amount of CHF 3,104,000 (USD 3,361,854).

During 2022, the Swiss Federal Tax Administration fully refunded the amounts paid in 2017 plus interest due to a reassessment of their position. The release of the provision and the interest received are recorded as Extraordinary income in the Income Statement with a total amount of USD 3,943,862.

14. Deferred income

	USD	
Description	**2022**	**2021**
Deferred income at January 1	6,634,902	11,301,593
Usage of deferred income	(9,497,176)	(9,502,620)
Additional deferred income	5,006,564	4,835,929
Deferred income at December 31	**2,144,290**	**6,634,902**
Net change in restricted funds	**(4,490,612)**	**(4,666,691)**

In accordance with the provisions of Swiss GAAP FER 21, all changes in deferred income (restricted funds) are shown gross in the captions External funding and Net change in restricted funds in the Consolidated Statement of Income and Expenditure (see Note 2, Accounting policies and valuation standards - External funding).

15. Other long-term liabilities

	USD	
Description	**2022**	**2021**
US 457(b) Pension plan	1,765,522	2,014,758
Total other long-term liabilities	**1,765,522**	**2,014,758**

The US 457(b) Pension plan, a non-qualified, tax advantaged deferred compensation retirement plan, is available to some Institute employees in the United States. The Institute provides the plan and the employees defer compensation to it on a pre-tax basis. The total liability includes the return on investment credited to the employee accounts and is offset by a respective financial asset (see Note 6 Non-current assets – Financial assets).

16. Long-term provisions

Long-term provisions relate to the two Ludwig Group, Inc. (LGI) pension plans as described in Note 10.

USD	Total	Supplemental plan	Qualified plan
Provisions as at December 31, 2020	13,529,645	8,338,357	5,191,288
Additions	(655,626)	390,286	(1,045,912)
Utilizations	(2,105,933)	(202,447)	(1,903,486)
Provisions as at December 31, 2021	**10,768,086**	**8,526,196**	**2,241,890**
Additions	(2,058,059)	(1,879,600)	(178,459)
Utilizations	(1,814,558)	(136,327)	(1,678,231)
Provisions as at December 31, 2022	**6,895,469**	**6,510,269**	**385,200**

17. Directors' emoluments

Emoluments consist of (i) Directors' fees, (ii) Salaries and social benefits, and (iii) Other remuneration. Directors' fees were paid by the Institute and the Fund; Salaries and social benefits were paid by the Institute and LGI and other remuneration was paid by the Institute.

	USD	
Description	**2022**	**2021**
Directors' fees	331,102	348,415
Salaries and social benefits	2,068,102	1,985,567
Total emoluments	**2,399,204**	**2,333,982**

In 2022 and 2021, the President of the Institute and the Institute’s Scientific Director received salaries and social benefits but did not receive director's fees. The Chairperson and the remaining members of the two Boards received director's fees but did not receive salaries nor social benefits. No members of the Board of Directors received other remuneration.

The remuneration of the two Boards of Directors, the Chairperson of the two Boards, the Presidents of the Institute and the Fund and the Institute’s Scientific Director are subject to review by the Institute’s and the Fund’s Compensation Committees, respectively.

Salaries are benchmarked against objective, third party comparable levels of compensation for fairness and reasonableness. The individual levels of Directors’ fees have remained unchanged since 1998.

As at December 31, 2022, the Boards of the Institute and the Fund each had eight members plus an emeritus board member. As at December 31, 2021, the Boards of the Institute and the Fund each had nine members plus an emeritus board member.

18. Other operating expenses / Other operating income

Other operating expenses include a settlement payment of USD 15,000,000 for closing a legal case against the Institute. The related reimbursement from the insurance of USD 3,750,000 is included in Other operating income.

19. Taxes

As a foreign entity, UTI is not subject to U.S. income taxes. The income tax provision relates to taxes for LGI, which conducts its operations in the United States. LGI's pre-tax income was approximately USD 1,533,000 in 2022 and USD 209,000 in 2021.

20. Other related party transactions

The Institute is a party to a Research Collaboration and License Agreement with Vaccitech Oncology Limited. In 2022 and 2021 income from cost recovery and licensing amounted to USD 16,947 and USD 77,280, respectively.

21. Lease commitments, collaborative research and member contracts

All such commitments not recorded in the Balance Sheet, with a notice period of three months or more, are set out by year below:

	USD	
Description	2022	2021
2022	0	42,913,423
2023	72,943,506	42,611,373
2024	46,090,887	18,318,017
2025	14,832,365	16,147,036
2026	3,743,165	5,737,549
2027	5,182,236	748,353
2028-2033	2,806,324	2,806,322
Commitments not recorded in the Balance Sheet	**145,598,483**	**129,282,073**

22. Approval of the consolidated financial statements

The consolidated financial statements of the Ludwig Institute for Cancer Research Ltd as at December 31, 2022, together with the Report of the Auditors, dated May 17, 2023, are hereby submitted to the General Meeting of Shareholders.

23. Subsequent events

There are no subsequent events to report, which might have a material impact on the consolidated financial statements.