LUDWIG INSTITUTE FOR CANCER RESEARCH LTD

2023 FINANCIAL REPORT

LUDWIG CANCER RESEARCH

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CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2023

	Notes	USD 2023	2022
Assets			
Cash and cash equivalents	2, 3	15,734,396	20,387,357
Financial assets	2, 4, 9	1,303,845,724	1,222,610,027
Trade receivables		515,384	95,197
External funding receivables	2	361,800	912,964
Other short-term receivables	5	489,345	1,010,165
Prepaid expenses and accrued income		1,261,896	1,436,212
Total current assets		**1,322,208,545**	**1,246,451,922**
Financial assets	2, 6	517,022,936	512,376,094
Investments	2, 7	185,427	300,427
Net deferred tax assets	2, 19	1,919,750	1,917,536
Leasehold improvements, equipment and other assets	2, 8	835,618	960,712
Total non-current assets		**519,963,731**	**515,554,769**
Total assets		**1,842,172,276**	**1,762,006,691**
Liabilities			
Short-term accounts payable	11	10,697,796	10,192,885
Other short-term liabilities	3, 9, 12	541,082	1,109,004
Short-term provisions		0	0
Accrued short-term expenses		4,252,243	4,492,958
Deferred income	2, 13	13,628	2,144,290
Total short-term liabilities		**15,504,749**	**17,939,137**
Other long-term liabilities	14	1,153,702	1,765,522
Long-term provisions	15	7,883,022	6,895,469
Total long-term liabilities		**9,036,724**	**8,660,991**
Total liabilities		**24,541,473**	**26,600,128**
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	1,245,571,261	1,163,347,021
Total shareholders' equity		**1,817,630,803**	**1,735,406,563**
Total liabilities and shareholders' equity		**1,842,172,276**	**1,762,006,691**

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2023

	Notes	USD 2023	USD 2022
Operating income			
Contributions and dividends	2	73,466	47,191
External funding	2, 13	(955,679)	10,198,868
License fees and royalties		2,602,164	2,647,436
Other operating income	17	114,762	9,139,225
Total operating income		**1,834,713**	**22,032,720**
Operating expenses			
Salaries and social benefits	10, 16	24,168,524	26,630,376
Laboratory supplies		2,219,012	4,071,680
Equipment and leasehold improvements	2, 8	647,734	1,618,299
Clinical trial studies		(37,793)	2,539,001
Collaborative research programs	2	43,003,574	37,870,450
Occupancy		2,940,115	4,005,986
Travel, conferences and seminars		535,397	462,450
Professional fees and services		4,944,920	15,240,622
Patent and inventors' costs		1,096,417	1,733,983
Depreciation	2	239,541	188,128
Other operating expenses	17	1,021,856	16,791,222
Total operating expenses		**80,779,297**	**111,152,197**
Other items			
Share of operational loss and capital items in associated entity	7	(131,307)	(310,703)
Gain on foreign exchange		445,080	830,522
Loss on foreign exchange		(1,165,531)	(1,059,658)
Interest and other financial cost		(461)	(688)
Interest and other financial income		3,346,235	2,846,174
Gain on financial assets and investments	2, 4, 9	262,418,959	104,539,268
Loss on financial assets and investments	2, 4, 9	(105,646,055)	(441,187,717)
Extraordinary income / (expense)	18	0	3,943,862
Total other items		**159,266,920**	**(330,398,940)**
Surplus for the year before taxes		80,322,336	(419,518,417)
Taxes			
Current income tax income / (expense)	2, 19	3,751	(486,165)
Deferred income tax income / (expense)	2, 19	(232,509)	(887,808)
Total taxes		**(228,758)**	**(1,373,973)**
(Deficit) / Surplus for the year after taxes		**80,093,578**	**(420,892,390)**
Retained surplus			
Voluntary retained surplus at the beginning of the year		1,163,347,021	1,579,748,799
Net change in restricted funds	2, 13	2,130,662	4,490,612
Voluntary retained surplus at the end of the year		**1,245,571,261**	**1,163,347,021**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2023

	Notes	USD 2023	USD 2022
Operating activities			
(Deficit) /Surplus for the year after taxes		80,093,578	(420,892,390)
Net change in restricted funds	13	2,130,662	4,490,612
Adjustments for non-cash items			
Share of operational loss capital items in associated entity	7	131,308	310,703
Net loss / (gains) on financial assets		(156,904,585)	257,659,958
Deferred tax changes	2, 19	(2,214)	887,464
Forex (loss) / gain on cash and cash equivalents		(71,594)	78,288
Depreciation / Impairment	2	239,541	188,228
Other movements in operating assets and liabilities			
Increase / (Decrease) in provisions		987,553	(7,234,471)
(Increase) / Decrease in current and non-current financial assets and investments		591,304	79,169,117
Decrease / (Increase) in receivables		651,797	6,024,103
Decrease in prepayments and accrued income		174,316	1,233,303
(Decrease) / Increase in current liabilities		(63,011)	6,812,093
(Decrease) in accrued liabilities and deferred income		(2,371,377)	(5,243,543)
Increase in long-term liabilities and long-term accrued expenses		(611,820)	(249,236)
Cash flow from operating activities		**(75,024,542)**	**(76,765,771)**
Investing activities			
Investment in tangible fixed assets	2	153,553	(660,948)
Investment in financial assets		(319,995,763)	(540,950,575)
Sale of financial assets and repayment of loans		390,142,197	622,199,664
Cash flow from investing activities		**70,299,987**	**80,588,141**
Net cash (outflow) / inflow		**(4,724,555)**	**3,822,370**
Cash and cash equivalents at January 1		20,387,357	16,643,275
Forex effect on cash and cash equivalents		71,594	(78,288)
Net cash (outflow) / inflow		(4,724,555)	3,822,370
Cash and cash equivalents at December 31		**15,734,396**	**20,387,357**

CONSOLIDATED STATEMENT OF CAPITAL CHANGES FOR THE YEAR ENDED DECEMBER 31, 2023

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, 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**
(Deficit) / Surplus for the year	0	0	0	80,093,578	80,093,578
Net change in restricted funds	0	0	0	2,130,662	2,130,662
Balance at December 31, 2023	**49,618**	**9,924**	**572,000,000**	**1,245,571,261**	**1,817,630,803**

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, 2023

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 2023 the Institute’s research Branches were situated in Lausanne, Oxford, Princeton and San Diego and research laboratories at the De Duve Institute in Brussels, at the Weill Cornell Medical College in New York, at the Johns Hopkins University in Baltimore and at École Polytechnique Fédérale de Lausanne (EPFL) in Lausanne. 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.

Collaborative research programs

The itemization of Collaborative research programs into Core- and other collaborative research programs, as disclosed in previous years was abandoned for 2023 financial statements

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, Deferred income and Net change in restricted funds
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.

For the presentation in the Consolidated Financial Statements, the amount recognized as External funding income as described above was corrected by the Net change of restricted funds as presented in note 13, External funding, Deferred income and Net change in restricted funds.

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 2023 and USD 0.2 million in 2022. 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, 2023 and 2022. There were no amounts outstanding as of December 31, 2023 and 2022. The expiration date is August 26, 2024 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 59.5 million and USD 73.9 million at December 31, 2023 and 2022, respectively.

4. Current assets - Financial assets

Financial assets held as current assets as at December 31, 2023 and 2022 were as follows:

	USD	
Description	2023	2022
Invested cash and cash equivalents		
- US Dollars	9,833,865	34,016,329
- Other currencies	2,199,710	1,141,238
Equity investments	41,492,243	46,175,990
Fixed income investments		
- Government	25,509,880	25,448,773
- Corporate	4,340,968	6,566,918
Investments at net asset value	1,218,180,421	1,108,909,639
Due from brokers	1,905,370	(67,454)
Net unrealized gain / (loss) on forward contracts	383,267	418,594
Total current financial assets	**1,303,845,724**	**1,222,610,027**

5. Other short-term receivables

Other short-term receivables of USD 489,345 as at December 31, 2023 and USD 1,010,165 as at December 31, 2022 contained short term deposits and receivables in connection with collaboration partners.

6. Non-current assets - Financial assets

Description	USD 2023	USD 2022
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%
Portage Biotech, Inc.		
Net investment	449,986	1,307,831
Share in capital and voting rights	1.25%	1.48%
Life Sciences Pharmaceuticals, Inc.		
Net investment	1,457	1,457
Share in capital and voting rights	13.65%	13.65%
Pilatus Biosciences, Inc.		
Net investment	652	0
Share in capital and voting rights	1.86%	0.00%
Other		
Fixed income securities	4,049,735	4,171,620
Investments at net asset value	510,809,771	504,572,032
Loans to staff	520,000	520,000
Long-term deposits	37,418	37,418
US 457(b) Pension plan (see Note 14)	1,153,702	1,765,521
Total financial assets	**517,022,936**	**512,376,094**

The Institute is committed to disseminating its know-how to the global research community. Holdings in 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. The shares of Portage Biotech, which are traded on the stock exchange, were acquired in exchange for shares in a former start-up company acquired by Portage Biotech. 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.

The Institute has granted various housing loans to staff. The outstanding long-term receivables totaled to USD 520,000 as at December 31, 2023 and USD 520,000 as at December 31, 2022. Short-term receivables for these loans are recorded under Other short-term receivables and amounted to USD 0 in 2023 and USD 3,554 in 2022.

7. Non-current assets - Investments

Description	USD 2023	USD 2022
Investment in Vaccitech Oncology Limited (VOLT)		
Share capital	1,468	1,389
Share premium	6,930,294	6,558,685
Cumulated results	(6,157,880)	(5,295,274)
percentage owned and voting rights	24.00%	24.00%
Net investment at January 1	300,000	444,245
Share of capital and premium change	0	0
Share of net loss	(131,308)	(310,703)
Translation adjustment	16,308	166,458
Net investment at December 31, VOLT	**185,000**	**300,000**
Miscellaneous investments	427	427
Total investments at December 31	**185,427**	**300,427**

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.

8. Tangible fixed assets

During the years ended December 31, 2023 and December 31, 2022, the purchase of equipment and other assets and expenditure on leasehold improvements, totaling to USD 647,734 and USD 1,618,299 respectively, was expensed in the year of purchase.

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 2023 and 2022, unrealized gains of USD 685,233 and USD 722,825 and unrealized losses of USD 301,965 and USD 304,231, 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	2023	2022
Forward currency purchases	28,412,548	31,450,594
Forward currency sales	28,795,815	31,869,188

10. Pension Schemes

Pension schemes have been established at all Institute locations.

The consolidated annual cost of the employer's contributions in 2023 and 2022 for all plans amounted to USD 1,118,330 and USD1,623,079 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 31.12.2023	Share of Commit-ment* 31.12.2023	Share of Commit-ment* 31.12.2022	Net Change in Commit-ment	Contri-butions 2023	Total Income / (Expense) 2023	Total Income / (Expense) 2022
LGI Qualified plan (USA)	(989)	(989)	(385)	(604)	0	(604)	1,857
LGI Supplemental plan (USA)	(6,894)	(6,894)	(6,510)	(384)	(136)	(520)	1,880
AXA Foundation for Occupational Benefits (CH)	N/A	0	0	0	(319)	(319)	(334)

* Economic commitment

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

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 as “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 2023 and 2022.

Section 75 debt liability for the Institute for 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, 2023, is estimated to be GBP 3.1 million (USD 3.9 million) as at December 31, 2023 and GBP 7.2 million (USD 8.7 million) as at December 31, 2022.

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 2023 or 2022, nor does it expect to make any contributions in 2024. In the supplemental plan, contributions of USD 136,327 were paid in 2023 and USD 136,327 in 2022. Benefits of USD 1,901,421 in 2023 and USD 1,814,558 in 2022 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

Description	USD 2023	2022
Other short-term liabilities to third parties (see also note 3)	469,121	1,069,468
Other short-term liabilities to pension funds	17,466	39,536
Other short-term liabilities to governing bodies	54,495	0
Total other short-term liabilities	**541,082**	**1,109,004**

13. External funding, Deferred income and Net change in restricted funds

Description	USD 2023	2022
Deferred income at January 1	2,144,290	6,634,902
Net change in restricted funds	(2,130,662)	(4,490,612)
Deferred income at December 31	**13,628**	**2,144,290**
Usage of deferred income	1,174,983	14,689,479
Net change in restricted funds	(2,130,662)	(4,490,612)
External funding income	**(955,679)**	**10,198,867**
Usage of deferred income	(1,174,983)	(14,689,479)
Paid back unused amounts	(1,788,111)	(769,096)
Additional deferred income	832,432	10,967,963
Net change in restricted funds	**(2,130,662)**	**(4,490,612)**

In accordance with the provisions of Swiss GAAP FER 21, the USD 1,174,983 reported as External funding in the statutory financial statements of the Institute were adjusted by the result of the Net change in restricted funds calculation and reallocated accordingly between the captions External funding and Net change in restricted funds in the Consolidated Income Statement (see Note 2, Accounting policies and valuation standards - External funding, Deferred income and Net change in restricted funds).

14. Other long-term liabilities

Description	USD 2023	2022
US 457(b) Pension plan	1,153,702	1,765,522
Total other long-term liabilities	**1,153,702**	**1,765,522**

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).

15. 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, 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**
Additions	2,888,974	520,379	2,368,595
Utilizations	(1,901,421)	(136,327)	(1,765,094)
Provisions as at December 31, 2023	**7,883,022**	**6,894,321**	**988,701**

16. 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	**2023**	**2022**
Directors' fees	349,303	331,102
Salaries and social benefits	2,135,723	2,068,102
Total emoluments	**2,485,026**	**2,399,204**

In 2023 and 2022, 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, 2023, the Boards of the Institute and the Fund each had nine members plus an emeritus board member. As at December 31, 2022, the Boards of the Institute and the Fund each had eight members plus an emeritus board member.

17. Other operating expenses / Other operating income

In 2022, Other operating expenses included 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 was included in Other operating income.

18. Extraordinary income / (expense)

Extraordinary income of USD 3,943,862 in 2022 originated from the release of a provision regarding a claim from the Swiss VAT authorities that was dropped in 2022.

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 USD 228,445 in 2023 and USD 1,533,339 in 2022.

20. Other related party transactions

The Institute is a party to a Research Collaboration and License Agreement with Vaccitech Oncology Limited. In 2023 and 2022 income from cost recovery and licensing amounted to USD 14,151 and USD 16,947, 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	2023	2022
2023	0	72,943,506
2024	49,627,448	46,090,887
2025	45,114,008	14,832,365
2026	10,962,097	3,743,165
2027	10,643,550	5,182,236
2028	10,454,821	748,353
2029-2034	2,057,971	2,057,971
Commitments not recorded in the Balance Sheet	**128,859,895**	**145,598,483**

22. Approval of the consolidated financial statements

The consolidated financial statements of the Ludwig Institute for Cancer Research Ltd as at December 31, 2023, together with the Report of the Auditors, dated May 16, 2024, 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.

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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) on pages 4-20, which comprise the consolidated balance sheet as at December 31, 2023 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, 2023, 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

Michael Herzog Licensed Audit Expert Auditor in Charge	N. Maibach Noemi Maibach Licensed Audit Expert

Zurich, 16 May 2024

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

PERFORMANCE REPORT

PURPOSES OF THE ORGANIZATION

The Ludwig Institute for Cancer Research Ltd (the Institute) is an international not-for-profit organization with a 52-year legacy of pioneering discoveries relating to cancer. The Institute provides its scientists around the world with the resources and the flexibility to realize the life-changing potential of their work and advance their discoveries for the benefit of cancer patients. This philosophy, combined with robust translational programs, maximizes the potential of breakthrough discoveries.

The Institute combines basic science with the translation and clinical evaluation of its discoveries to accelerate the development of new cancer diagnostics, therapies and prevention strategies. Since its inception, the Institute has invested USD 2.4 billion of its own resources and USD 0.7 billion from external funding in cancer research. Internal support for its research comes from an investment pool valued at around USD 1.8 billion. This investment portfolio is held and managed by LICR Fund, Inc. (the Fund).

The Institute now has 481 full-time equivalent scientists, clinicians, postdoctoral fellows, students and support staff located in four countries, three Branches and four supported labs who are focused on multiple aspects of cancer research. The Institute is part of the larger Ludwig Cancer Research (Ludwig) community, which also includes the Ludwig Centers at six U.S. institutions, all pursuing research to advance the scientific understanding of cancer and improve its prevention, diagnosis and treatment.

The Institute’s research activities are principally organized through Branches. Each Branch occupies a defined space and functions in close association with a local university, research institute and / or not-for-profit hospital. A number of individual investigators and laboratories complement the Institute's Branches through a wide range of collaborative research programs, thereby extending the international reach and research footprint of the Institute.

EXTERNAL FUNDING

In 2023, the Institute continued its wind down activities in San Diego and for the clinical trials programs, which contributed a major part to the External funding income. On one hand, income of USD 0.6 income was recorded from industrial and philanthropic sources and USD 0.6 million from government sources (US National Institutes of Health). On the other hand, the Institute had to pay back USD 1.8 million to the Cancer Research Institute for unused funds from projects completed, and USD 0.4 million were transferred to the University of California in San Diego, which took over an unfinished project from the San Diego Branch. All this adds up to a negative income of USD 1.0 million.

SEGMENT REPORTING

The total operating expenses of USD 80.8 million in 2023 and USD 115.5 million in 2022 consist of the following segments:

	million USD			
Description	2023	2022	Variance	% of total 2023
Branch and laboratory expenditure				
Lausanne	17.2	11.6	5.6	21%
Oxford	12.8	10.3	2.5	16%
Princeton	9.0	7.9	1.2	11%
San Diego (including SMD*)	11.8	17.4	-5.6	15%
Brussels	0.0	4.5	-4.5	0%
Johns Hopkins Institute	1.1	0.3	0.8	1%
Memorial Sloan Kettering Cancer Center	0.0	0.5	-0.5	0%
Weill Cornell	1.2	0.2	1.0	1%
Wistar Institute	0.0	0.4	-0.4	0%
Total Branch and laboratory expenditure	**53.1**	**53.0**	**0.1**	**66%**
Non-Branch expenditure				
Clinical Trials	0.1	7.1	-7.0	0%
Fund management	7.9	7.8	0.2	10%
Intellectual property	2.7	3.9	-1.2	3%
Programs	4.7	6.5	-1.7	6%
Administration	12.3	32.9	-20.6	15%
Total Non-Branch Expenditure	**27.7**	**58.1**	**-30.4**	**34%**
Total Institute	**80.8**	**111.2**	**-30.3**	**100%**

*Small Molecule Discovery Group

NOT-FOR-PROFIT REPORTING

The Institute and the Fund prepare, by entity, various statistical and information returns which require analysis of expenditure between i) program service, ii) management and general and iii) grant writing costs.

Using this analysis, on a consolidated basis, for the year 2022 (the latest year where analysis data is currently available), total expenditure of USD 115.6 million were split into program service expenditure - USD 84.1 million (73%); management and general expenditure - USD 29.0 million (25%); and grant writing expenditure – USD 2.5 million (2%).

For 2021, total expenditure of USD 97.2 million were split into program service expenditure - USD 71.0 million (73%); management and general expenditure - USD 23.9 million (25%) and grant writing expenditure - USD 2.3 million (2%).

INTERNAL CONTROL SYSTEM AND ANNUAL RISK ASSESSMENT

The Institute's and the Fund's management are responsible for the design, operation and maintenance of internal control systems (ICS). The Institute's and the Fund's Boards of Directors are ultimately responsible for the identification and assessment of risks, definition of the ICS framework and monitoring of management actions to ensure the adequacy and effectiveness of the control environment. The Institute's and the Fund's system of internal control over financial reporting is based on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and is designed to provide reasonable assurance regarding the preparation and fair presentation of published financial statements in accordance with generally accepted accounting principles in Switzerland / Financial Reporting Standards – Swiss GAAP FER.

The Institute and the Fund have adopted a risk-based approach to internal control and accept that it is not possible to build a control environment that is risk free. Accordingly, the system of internal control in place is designed to manage rather than to eliminate risk. The system of internal control is an on-going process designed to identify the principal financial reporting risks, evaluate the nature and extent of those risks and manage them efficiently.

In 2023, the Institute's and the Fund's managements conducted risk assessments of the key processes already documented in the form of process flowcharts. Risks within those key processes were identified and evaluated as to their likelihood and impact based on predefined scales, incorporating quantitative and qualitative criteria. For each of the identified risks, the risk level was calculated as a multiple of the likelihood and impact. Top risks for each process were identified based on their respective risk level and classified further as financial reporting or operational risks. Key controls were defined and implemented to mitigate those top financial reporting risks. Non-financial reporting risks are considered to be outside of the ICS and are addressed through other policies and procedures.

The Institute's and Fund's managements assessed the effectiveness of the ICS over financial reporting during the year under review and reported thereon to the Institute's and Fund's Audit Committees.

The respective Audit Committees have the delegated responsibility to oversee the development and operation of the ICS, to receive reports from the Risk and Compliance Officer and External Auditors, to review the internal control system documentation and to agree to any actions necessary to implement recommended improvements. The Audit Committees received reports from the Institute's Risk and Compliance Officer regarding the ICS at all their respective meetings over the year.

The Boards of Directors of the Institute and the Fund assessed the effectiveness of the ICS for financial reporting throughout the year and believe that the ICS for financial reporting was properly in effect as of December 31, 2023.

As part of the system of internal control, the internal audit function continued to operate and verify the adequacy and effectiveness of internal controls, carry out work to test the controls and provide reports to the Audit Committee. During 2023, the operations of the Ludwig Oxford Branch and the

New York Office were reviewed by internal audit, the Zurich Office by Price Waterhouse Coopers and a report thereof was submitted to the Institute's Audit Committee.

Risk assessments are carried out on an annual basis by the Risk and Compliance Officer reporting to the Audit Committees. They are based on annual self-reassessment of risks and controls by the ICS process owners, information obtained through interviews of the Institute's and the Fund's management and key personnel and further evaluation and testing of controls when carrying out internal audits.

Cyber security risks have been assessed in 2023 and it was noted that cyber criminals continue to refine their techniques to evade security. To mitigate those threats in 2023 the Institute's IT function continued to use the tools available under Microsoft Office 365 subscription. Additionally, in 2023 the end users participated in on-line Cyber Security Awareness Training and were required to pass a test at the end of each training module. Further phishing emails were continually sent to all users to test their cyber security risk-awareness.

MANAGING BODIES AND SENIOR STAFF

The Statutes and By-laws of the Institute determine the responsibilities and the authority of the following organs of the company:

- The Board of Directors
- Management (comprising the Executive Officers and Branch Directors)

The Board is elected at the General Meeting of Shareholders, held each year in June, for a one-year term of office. The members of the Institute’s Board of Directors are automatically members of the Board of Directors of the Fund.

The individuals who served as members of the Board of Directors of both the Institute and the Fund during 2023 were as follows:

John L. Notter (Chairperson)
Chi Van Dang, MD, PhD
Nancy Ellen Davidson, MD
John D. Gordan III
Alexandra C. Johnson
Judge Barbara S. Jones
Nicolas Killen
Edward A. McDermott Jr.
Jedd D. Wolchok, MD, PhD
Alexander Borissov was the Secretary to the Board.

The Executive Officers of the Institute constitute its management and consisted of the President, the Scientific Director, the Deputy Scientific Director, the Executive Vice-President for Technology Development and the Chief Financial Officer.

These posts were held as of December 31, 2023, by the following individuals:

President	Edward A. McDermott Jr.
Scientific Director	Chi Van Dang, MD, PhD
Deputy Scientific Director & Communications Director	Pat J. Morin, PhD
Executive Vice-President for Technology Development	Jonathan C.A. Skipper, PhD
Chief Financial Officer	Thomas Bänninger

The Executive Officers were supported by:

Senior Vice-President for Human Resources	Kimberly McKinley-Thomas
Senior Vice-President for Intellectual Property	Pär Olsson, PhD

The Institute has a Scientific Advisory Committee that provides advice to the Scientific Director on scientific matters and reviews the performance and plans of scientific staff. As of December 31, 2023, the Scientific Advisory Committee was composed of:

Philip D. Greenberg, MD
Juanita L. Merchant MD, PhD
Robert Schreiber, PhD
Victor Velculescu, MD, PhD
Karen H. Vousden, PhD
W.K. Alfred Yung, MD

Each Branch of the Institute is managed by a Director who is responsible for its scientific program and administration.

The leadership of the Institute's Branches as of December 31, 2023 was as follows:

Lausanne	George Coukos, MD, PhD
Oxford	Xin Lu, PhD
Princeton	Joshua Rabinowitz, MD, PhD
San Diego	Jonathan C.A. Skipper, PhD

Some Executive Officers, Branch Directors and other senior staff members hold academic positions within the host institutions with which the Institute is associated.

BRANCHES AND LAB'S CANCER RESEARCH DESCRIPTION

Lausanne Branch
The Lausanne Branch focuses primarily on tumor immunology and immunotherapy. This includes the mechanisms by which tumors thwart immune attack and the development of novel immunotherapies.

Oxford Branch
The Oxford Branch studies signaling pathways that influence cancer initiation and progression, with a focus on infection, inflammation and cancer epigenetics. The Branch aims to advance cancer prevention, early diagnosis and effective treatment.

Princeton Branch
The Princeton Branch focuses on cancer metabolism—its roles in tumor growth and metastasis, its connections to the microbiome and immune system and its manipulation by diet and drugs—all with the aim of improving the prevention, diagnosis and treatment of cancer.

San Diego Branch
The San Diego Branch is primarily dedicated to the study of signaling pathways, DNA repair, genome integrity, and epigenetics.

Van Dang's Laboratory, Johns Hopkins University, Baltimore
The laboratory of the Ludwig Institute Scientific Director focuses on the molecular signaling pathways and mechanisms that govern the aberrant metabolism of cancer cells.

Van den Eynde and Constantinescu Laboratories, de Duve Institute, Brussels
Ludwig-supported researchers located at the de Duve Institute study tumor immunology, the tumor microenvironment and the aberrant signaling that drives myeloproliferative neoplasms and acute myeloid leukemia.

Hanahan Laboratory, École Polytechnique Fédérale de Lausanne (EPFL), Lausanne
The Hanahan Laboratory uses genetically engineered mouse models to investigate the hallmarks of cancer, with a particular focus on the mechanism of tumor invasion and metastasis.

Wolchok Laboratory, Weill Cornell Medicine, New York
The Ludwig Collaborative Laboratory at Weill Cornell Medicine focuses on tumor immunology, with an emphasis on translational research, to identify and develop new immunotherapeutic strategies and drugs for the treatment of melanoma and other types of cancer.

RESULTS OF WORK ON INSTITUTE RESEARCH PROGRAMS IN 2023

Scientific Publications

Laboratory and clinical research to further the prevention, early detection, understanding and control of cancer is conducted at the Institute's Branches and through collaborations with other institutions, including the six Ludwig Centers located at universities across the United States. In 2023, progress was made in the study of tumor biology, cancer genomics, cancer prevention, the tumor microenvironment, cancer metabolism, and tumor immunology.

The Institute is committed to prompt and active dissemination of its research results. In the year 2023, the publication record by location was as follows:

	Primary Research Articles	Reviews/ Book Chapters/ Commentaries	Total
Oxford / Brussels	94	19	113
Lausanne	92	26	118
New York / MSKCC	14	2	16
Princeton	28	9	37
San Diego	19	2	21
Scientific Director Laboratory	4	3	7
Total	**251**	**61**	**312**

Ludwig Institute Clinical Research

The Institutes clinical research is implemented through locally sponsored, investigator initiated clinical trials managed through its Branch collaborating institutions or through non-profit clinical trial networks.

Ongoing clinical trials based upon Ludwig research during 2023:

Study Title	Principal Investigator	Sponsor/Site	Ludwig Branch
Phase I Study to Assess Feasibility and Safety of Adoptive Transfer of Autologous Tumor-Infiltrating Lymphocytes in Combination with Interleukin-2 Followed by Nivolumab Rescue for Advanced Metastatic Melanoma NCT03475134	George Coukos	Centre Hospitalier Universitaire Vaudois	Lausanne
Pilot Study to Assess the Feasibility, Safety and Efficacy of Adoptive Transfer of Autologous Tumor-Infiltrating Lymphocytes Enriched for Tumor Antigen Specificity (NeoTIL) in Advanced Solid Tumors NCT04643574	Blanca Navarro-Rodrigo	Centre Hospitalier Universitaire Vaudois	Lausanne
Phase Ib Study to Test the Feasibility and Safety of a Personalized Vaccine in Combination with Low-dose Cyclophosphamide in Patients With Advanced or Metastatic Non-Small Cell Lung Cancer (NSCLC) NCT05195619	Hasna Bouchaab	Centre Hospitalier Universitaire Vaudois	Lausanne
Phase Ib Study of the Combination of Personalized Autologous Dendritic Cell Vaccine and Standard of Care Adjuvant Chemotherapy Followed by Nivolumab for Resected Pancreatic Adenocarcinoma NCT04627246	Antonia Digklia	Centre Hospitalier Universitaire Vaudois	Lausanne
Phase I/IIa Trial of ChAdOx1 and MVA Vaccines Against MAGE-A3 and NY-ESO-1 With Standard of Care Treatment NCT04908111	Fiona Blackhall	Cancer Research UK	Oxford
Pilot Study to Investigate Targetable Metabolic Pathways Sustaining Pancreatic Cancer and Associated Genomic Alterations NCT05296421	Howard Hochster	Rutgers University	Princeton
Low-Carbohydrate diet and SGLT2-Inhibitor to Achieve Moderate Ketosis in Healthy Volunteers NCT05662865	Melissa Erickson	Advent Health Orlando	Princeton
Investigating the Metabolic Pathways in Hormone Receptor Positive/HER2 Negative Breast Cancer NCT05736367	Coral Omene	Rutgers University	Princeton

TECHNOLOGY DEVELOPMENT

One of the main objectives of the Institute is to translate its scientific discoveries for public benefit as quickly and effectively as possible. Given that the significant costs involved in drug development are far beyond the resources available to it, the Institute enters into research, development and licensing agreements with commercial drug development organizations that have the financial, management and technological resources necessary to develop Institute discoveries for diagnostic and therapeutic purposes.

To facilitate this work, the Institute has established a comprehensive patent protection and licensing capability. In 2023, five new U.S. patents and two new European patents were issued. Eight new U.S. applications and a further nine new international patent applications were also filed. In addition, the Institute was party to 163 license, sublicense and option agreements with commercial organizations at the start of 2023. During the year, an additional ten agreements were implemented, while eight agreements either expired or were terminated. At the end of 2023, the Institute's portfolio comprised a total of 165 agreements. Many license agreements allow companies to commercialize Institute reagents or products derived from such technologies for laboratory research purposes as companion diagnostic candidates or for a company’s own in-house commercial research. A portion of these agreements grant rights to commercial companies to use the Institute’s research discoveries for the development of therapeutic and diagnostic products. These partnered programs are at various stages of commercial product development, from pre-clinical testing through phase 1, 2 and 3 clinical trials or marketed products such as Sargramostim (or Leukine), the first and only FDA approved recombinant granulocyte macrophage colony-stimulating factor (GM-CSF) used for myeloid reconstitution after bone marrow transplantation or neutropenia induced by chemotherapy and Ojjaara (momelotinib), a JAK1/JAK2 inhibitor recently approved for treatment of myelofibrosis.

Cancer immunotherapy continues to be a focus of the Institute’s translational and clinical research, as reflected in the patents issued and filed by the Institute and its partners. Over the past year, the Institute has filed several new patent applications applicable to the design and development of innovative cellular cancer immunotherapies. In addition, the discovery and patenting of new genomic and epigenetic insights and related technologies reflects the Institute’s established expertise in the field and an emerging focus in seeking useful applications for its technologies and know-how.

Checkpoint antibody immunotherapies targeting PD-1/L1 have become standard therapies for a broad range of cancer indications. Despite being the first to be approved by the Food and Drug Administration (FDA), current checkpoint antibody immunotherapies targeting CTLA-4 have had more limited utility primarily due to having comparatively less efficacy and higher toxicity. Botensilimab (AGEN1181) is a second-generation, Fc-enhanced, anti-CTLA-4 antibody derived from zalifrelimab (AGEN1884), which was discovered by the Institute and subsequently licensed to Agenus, a clinical stage biopharmaceutical company. The Fc region of the antibody was engineered to enhance potency, improve safety, and benefit a broader patient population compared to existing registered anti-CTLA-4 antibodies. In 2023, the FDA granted Fast Track Designation for botensilimab and Agenus completed patient enrollment in randomized phase 2 clinical trial in colorectal cancer patients.

The Institute partnered with cancer start-up Pilatus which is developing innovative cancer treatments focusing on metabolic checkpoints, specifically a monoclonal antibody program targeting CD36 based upon the Institute's research in Lausanne.

Monoclonal antibodies may be exploited as radiopharmaceuticals to diagnose and treat cancer. The Institute has long had a research interest in the therapeutic and diagnostic “theranostic” use of the G250 antibody in kidney cancer. Radiopharma company Telix which is developing TLX250-CDx (89Zr-DFO-girentuximab), as a non-invasive positron emission tomography (PET) imaging agent for diagnosing the presence and spread of clear cell renal cancer (ccRCC), revealed positive results from its completed pivotal phase 3 ZIRCON trial. Following this, Telix submitted a Biological Licensing Application (BLA) for TLX250-CDx use in ccRCC to the FDA. In addition, Telix has clinical trials evaluating the pan-cancer imaging utility of TLX250-CDx and the activity of TLX250 (177Lu-DOTA-girentuximab) in renal cancer therapy.

Exact Sciences partnered with Watchmaker Genomics to further develop and commercialize the innovative TAPS (TET-assisted pyridine borane sequencing) technology it obtained through its acquisition of Oxford start-up Base Genomics in 2020. TAPS was developed by Institute researchers at the University of Oxford.

At the end of 2023, the Institute had holdings in eight start-up biotechnology companies with products at various stages of development and maturity and licenses granted by the Institute-to-Institute technologies:

Extended Delivery Pharmaceuticals, LLC, USA
Life Sciences Pharmaceuticals, Inc., USA
Portage Biotech, Inc., USA
Recepta Biopharma S.A., Brazil
Vaccitech Oncology Limited, United Kingdom
Arima Genomics, Inc., USA
Epigenome Technologies, Inc., USA
Pilatus Biosciences S.A., Switzerland

In 2023 the gross income to the Institute from the commercialization of the Institute's technologies was USD 2.9 million from various therapeutic licenses and from royalty income from the sales of numerous research reagents and kits, for example Melan-A (A103), CDNA Synthesis Technology, Anti-CD25 mabPC61 and 17A2mab anti murine CD3. The net income to the Institute after sharing with co-owners and inventors was USD 2.2 million.

HUMAN RESOURCES

An important aspect of the programs developed by the Institute and its Branches is the training of outstanding young scientists who will in time join a new generation of cancer researchers. On December 31, 2023, the Institute and its branches were acting as sponsor to 128 postdoctoral fellows and 121 PhD students.

AWARDS AND DISTINCTIONS

The quality of the Institute's investigators continued to be internationally recognized. The following awards and distinctions were received in 2023:

Lausanne	
George Coukos, MD, PhD	Web of Science highly cited researcher 2023
	Fellow, American Association for Cancer Research Academy
Douglas Hanahan, PhD	Elected as a Foreign Member of the Royal Society (of London)
Johanna Joyce, PhD	Pezcoller Women in Cancer Research Award, European Association for Cancer Research
	Web of Science highly cited researcher 2023
	100 influential Women in Oncology – Oncodaily
Mikaël Pittet, PhD	Laureate of the Academic Outreach Award, Academic Society of Vaud
	Web of Science highly cited researcher 2023
Ping Chih-Ho, PhD	Swiss National Science Foundation Consolidator Grant
	Web of Science highly cited researcher 2023
Bernhard Gentner, MD	Oak Professorship in Immune-Stem Cell Engineering
New York / Weill Cornell	
Jedd D. Wolchok, MD, PhD	AACR Board of Directors
	American Association for Cancer Research Academy, Fellow
	National Academy of Medicine
Oxford / Brussels	
Richard White, MD, PhD	Professorship of Genetics, University of Oxford
	2023 Outstanding Research Award, Society for Melanoma Research
Yang Shi, PhD	Fellow, Academy of Medical Sciences

Marketa Tomkova, PhD	Leadership Fellow, Ludwig Institute for Cancer Research, Oxford
Stefan Constantinescu, MD, PhD	President, Board of Science Advice for Policy by European Academies
Princeton	
Michael Skinnider, MD PhD	Research Parasite Award
	NOMIS & Science Young Explorer Award
Scientific Director Laboratory	
Chi Dang, MD PhD	Web of Science highly cited researcher 2023

STATUTORY FINANCIAL STATEMENTS

BALANCE SHEET AS AT DECEMBER 31, 2023

	Notes	USD 2023	USD 2022	CHF 2023	CHF 2022
Assets					
Cash and cash equivalents	1, 2	6,718,616	11,163,181	5,719,558	10,409,666
Trade receivables		462,225	69,797	393,492	65,086
External funding receivables	1, 11	361,800	912,965	308,000	851,340
Intercompany receivables		4,000,000	0	3,405,200	0
Other short-term receivables		222,710	925,481	189,593	863,011
Prepaid expenses and accrued income		484,683	784,060	412,611	731,136
Total current assets		**12,250,034**	**13,855,484**	**10,428,454**	**12,920,239**
Financial assets	1, 3	1,713,477	2,324,644	1,458,683	2,167,731
Investments	1, 4	5,288,612	5,403,612	4,502,195	5,038,868
Total non-current assets		**7,002,089**	**7,728,256**	**5,960,878**	**7,206,599**
Total assets		**19,252,123**	**21,583,740**	**16,389,332**	**20,126,838**
Liabilities					
Short-term accounts payable - 3rd party	5	10,695,996	10,191,963	9,105,501	9,504,005
Short-term accounts payable - intercomp.	6	963,375	1,141,780	820,121	1,064,710
Other short-term liabilities	7	119,828	422,124	102,010	393,631
Accrued short-term expenses	1	3,622,122	3,888,031	3,129,664	3,877,943
Deferred income	1, 11	13,628	2,144,290	11,602	1,999,550
Total short-term liabilities		**15,414,949**	**17,788,188**	**13,168,898**	**16,839,839**
Other long-term liabilities	8	1,153,702	1,765,522	982,147	1,646,349
Total long-term liabilities		**1,153,702**	**1,765,522**	**982,147**	**1,646,349**
Total liabilities		**16,568,651**	**19,553,710**	**14,151,045**	**18,486,188**
Shareholders' equity					
Share capital	1	49,618	49,618	50,000	50,000
General legal retained surplus	1	9,924	9,924	10,000	10,000
Voluntary retained surplus on January 1		1,970,488	3,839,220	1,580,650	3,380,241
Surplus / (Deficit) for the year		653,442	(1,868,732)	597,637	(1,799,591)
Total shareholders' equity		**2,683,472**	**2,030,030**	**2,238,287**	**1,640,650**
Total liabilities and shareholders' equity		**19,252,123**	**21,583,740**	**16,389,332**	**20,126,838**

INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2023

	Notes	USD 2023	USD 2022	CHF 2023	CHF 2022
Operating income					
Contributions	10	69,000,000	76,000,000	63,107,400	73,188,000
External funding	1, 11	1,174,983	14,689,479	1,074,639	14,145,968
License fees and royalties	12	2,602,164	2,647,436	2,379,939	2,549,481
Other operating income	13	52,345	9,089,835	47,875	8,753,511
Total operating income		**72,829,492**	**102,426,750**	**66,609,853**	**98,636,960**
Operating expenses					
Salaries and social benefits		16,640,018	24,298,964	15,218,960	23,399,902
Laboratory supplies		2,219,012	4,071,680	2,029,508	3,921,028
Equipment and leasehold improvements	1	638,980	1,609,606	584,411	1,550,051
Clinical trial studies		(37,793)	2,539,001	(34,565)	2,445,058
Collaborative research programs	1	43,003,574	37,870,450	39,331,069	36,469,244
Occupancy		2,440,829	3,593,526	2,232,382	3,460,566
Travel, conferences and seminars		415,888	351,379	380,371	338,378
Professional fees and services		4,390,550	15,786,640	4,015,597	15,202,534
Patent and inventors' costs		1,096,417	1,733,983	1,002,783	1,669,826
Other operating expenses	13	545,332	16,013,780	498,761	15,421,270
Total operating expenses		**71,352,807**	**107,869,009**	**65,259,277**	**103,877,857**
Surplus / (Deficit) for the year before Other items		1,476,685	(5,442,259)	1,350,576	(5,240,897)
Other items					
Gain on foreign exchange	1	445,080	830,521	407,070	799,792
Loss on foreign exchange	1	(1,165,530)	(1,059,658)	(1,065,994)	(1,020,451)
Interest and other financial income	1	12,667	3,836	11,585	3,694
Interest and other financial cost	1	(461)	(688)	(422)	(663)
Gain on financial assets and investments	1, 3,4	0	0	0	0
Loss on financial assets and investments	1, 3,4	(114,999)	(144,346)	(105,178)	(139,005)
Extraordinary income / (expense)	14	0	3,943,862	0	3,797,939
Total Other items		**(823,243)**	**3,573,527**	**(752,939)**	**3,441,306**
Surplus / (Deficit) for the year		**653,442**	**(1,868,732)**	**597,637**	**(1,799,591)**
Voluntary retained surplus on January 1		1,970,488	3,839,220	1,580,650	3,380,241
Voluntary retained surplus on December 31		**2,623,930**	**1,970,488**	**2,178,287**	**1,580,650**

NOTES TO THE STATUTORY FINANCIAL STATEMENTS

1. Accounting policies

Basis of preparation

These financial statements have been prepared in accordance with the provisions of the Swiss Code of Obligations.

Cash and cash equivalents

Cash on hand and at banks, funds on call and cash deposits are classified as Cash and cash equivalents.

Operating income

External funding received from any outside source, whether of a cash or a non-cash nature, is recorded in the books of the Ludwig Institute for Cancer Research Ltd (the Institute) upon receipt as Deferred income. External funding received is recorded as income when corresponding expenditure has 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 where expenditure has been incurred, is recorded as income, and is accounted for as External funding receivables.

Collaborative research programs

The itemization of Collaborative research programs into Core- and other collaborative research programs, as disclosed in previous years was abandoned for 2023 financial statements

Translation of foreign exchange transactions

For preparing the Statutory Financial Statements in Swiss Francs, US Dollar values are converted using the modified closing rate method as follows:

1. Income and expenditure – at the yearly average of the monthly rates as published by the Swiss Federal Tax Administration (USD 1 = CHF 0.9146 for 2023 and USD 1 = CHF 0.9630 for 2022)
2. Assets and Liabilities – at the year-end closing rates as published by the Swiss Federal Tax Administration (USD 1 = CHF 0.8513 for 2023 and USD 1 = CHF 0.9325 for 2022)
3. Equity - at historical rates
4. Translation differences are included either in a) Loss on foreign exchange and therefore as result of the current year also in Voluntary retained surplus in case of a loss; or b) in Accrued short-term expenses in case of a gain

Tangible fixed assets

Acquisition costs for research equipment, costs for leasehold improvements and costs for other assets are fully expensed in the year of acquisition.

Financial assets and investments

Financial assets, which are traded on a stock exchange, are valued, unless described in the respective section differently, at the stock market price prevailing at the end of the year. All other Financial assets and Investments are valued at acquisition cost and, if applicable, adjusted for impairment losses.

Accruals

Accruals are recognized for goods and services rendered in the respective accounting period if no invoices have been received. The same principle applies to amounts due to intellectual property co-owners and inventors.

2. Pledged assets

The Institute has pledged assets held by a financial institution to that financial institution totaling to USD 0.2 million (CHF 0.2 million) in 2023 and USD 0.2 million (CHF 0.2 million) in 2022. These amounts are included under Cash and cash equivalents and are used as collateral for various letters of credit totaling to USD 0.2 million (CHF 0.2 million). The letters of credit have been issued to the lessors of various office premises occupied by the Institute.

3. Financial assets

	USD		CHF	
Description	2023	2022	2023	2022
Arima Genomics				
Net investment	210	210	179	196
Share in capital and voting rights	3.34%	3.34%	3.34%	3.34%
Epigenome Technologies, Inc.				
Net investment	5	5	4	5
Share in capital and voting rights	1.00%	1.00%	1.00%	1.00%
Portage Biotech, Inc.				
Net investment	33	33	28	31
Share in capital and voting rights	1.25%	1.48%	1.25%	1.48%
Life Sciences Pharmaceuticals, Inc.				
Net investment	1,457	1,457	1,240	1,359
Share in capital and voting rights	13.65%	13.65%	13.65%	13.65%
Pilatus Biosciences, Inc.				
Net investment	652	0	555	0
Share in capital and voting rights	1.86%	0.00%	1.86%	0.00%
Loans to staff	520,000	520,000	442,676	484,900
Deposits	37,418	37,418	31,854	34,892
US 457(b) Pension plan	1,153,702	1,765,521	982,147	1,646,348
Total financial assets	**1,713,477**	**2,324,644**	**1,458,683**	**2,167,731**

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.

As of December 31, 2023 and December 31, 2022 the shares of Portage Biotech, Inc. were quoted at a stock market value of USD 449,986 (CHF 383,073) and USD 1,307,831 (CHF 1,219,552) respectively. A valuation reserve in the amount of USD 449,953 (CHF 383,045) in 2023 and USD 1,307,798 (CHF 1,219,521) in 2022 was created which resulted in no change of the value compared to the value in the previous years. Valuation reserves are formed for shares the Institute intends to sell once market situation permits. Any gains or losses from these financial assets will be recognized when they are realized.

The Institute has granted various housing loans to staff. The outstanding long-term receivables as of December 31, 2023 totaled to USD 520,000 (CHF 442,676) and as at December 31, 2022 to USD 520,000 (CHF 484,900). Short-term receivables for these loans are recorded under Other short-term receivables and totaled to USD 0 (CHF 0) in 2023 and USD 3,554 (CHF 3,314) in 2022.

The US 457(b) Pension plan, a non-qualified, tax advantaged deferred compensation retirement plan, is available to various 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 assets represent the value invested in favor of the employees and is offset by the liability to the employees (see note 9.)

4. Investments

	USD		CHF	
Description	2023	2022	2023	2022
Universe Tankships, Inc.				
Book value	5,103,185	5,103,185	4,344,341	4,758,720
Share in capital and voting rights	100.00%	100.00%	100.00%	100.00%
Vaccitech Oncology Limited				
Book value	185,000	300,000	157,491	279,750
Share in capital and voting rights	24.00%	24.00%	24.00%	24.00%
Recepta Biopharma S.A.				
Book value	327	327	278	305
Share in capital and voting rights	26.21%	26.21%	26.21%	26.21%
Ludwig Technologies, Inc.				
Book value	100	100	85	93
Share in capital and voting rights	100.00%	100.00%	100.00%	100.00%
Total investments	**5,288,612**	**5,403,612**	**4,502,195**	**5,038,868**

The investment in Universe Tankships, Inc., (Marshall Islands), has been accounted for at acquisition cost in USD. Universe Tankships, Inc. holds 100% of capital and voting rights in The Ludwig Group, Inc., Delaware (USA). The Ludwig Group, Inc. provides administrative services to the Institute and other Institute related parties (see Note 6).

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

1. The nominal share capital of Recepta Biopharma S.A., Sao Paulo, (Brazil), is BRL 1,000. The company conducts medical research, develops, produces, and commercializes humanized antibodies for the diagnosis of human cancer.

2. 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 capital and voting rights in the company Extended Delivery Pharmaceuticals, LLC, Connecticut, (USA). This biotechnology company is developing a long-acting form of insulin.

3. On January 16, 2019, the Institute entered 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 in Vaccitech was USD 2,999,641 (CHF 2,984,717) and impairments have been performed to reach the current value.

5. Short-term accounts payable - 3rd party

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

6. Short-term accounts payable - intercompany

The current administrative service agreement with The Ludwig Group, Inc., a wholly owned subsidiary of Universe Tankships, Inc., (Marshall Islands) has been in place since January 1, 2006 and was renewed the last time as of January 1, 2023.

Payables in favor of The Ludwig Group, Inc. as of December 31, 2023 and December 31, 2022 amounted to USD 963,375 (CHF 820,121) and USD 1,141,780 (CHF 1,064,710) respectively.

7. Other short-term liabilities

	USD		CHF	
Description	2023	2022	2023	2022
Other short-term liabilities to third parties	47,867	382,588	40,749	356,763
Other short-term liabilities to pension fund	17,466	39,536	14,869	36,867
Other short-term liabilities to governing body	54,495	0	46,392	0
Total other short-term liabilities	**119,828**	**422,124**	**102,010**	**393,631**

Of the total in 2022, an amount of USD 323,862 (CHF 302,001) related to a contractual obligation arising from an employment contract.

8. Other long-term liabilities

	USD		CHF	
Description	2023	2022	2023	2022
US 457(b) Pension Plan	1,153,702	1,765,522	982,147	1,646,349
Total other long-term liabilities	**1,153,702**	**1,765,522**	**982,147**	**1,646,349**

The US 457(b) Pension plan, a non-qualified, tax advantaged deferred compensation retirement plan, is available to various 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 3).

9. 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 below:

	USD		CHF	
Description	2023	2022	2023	2022
Lease and administrative commitments	6,896,904	8,139,989	5,871,334	7,590,540
Collaborative research commitments	98,816,738	105,794,107	84,122,689	98,653,005
Ludwig Members long term obligations	23,146,253	31,664,387	19,704,405	29,527,041
Commitments not recorded in the balance sheet	**128,859,895**	**145,598,483**	**109,698,429**	**135,770,585**

10. Contributions

The LICR Fund, Inc. (the Fund), a non-profit membership corporation incorporated in Delaware, USA, was established to receive, hold, and invest funds on behalf of the Institute. During 2023 and 2022, the Fund was a material source of funding and made contributions to the Institute of USD 69,000,000 (CHF 63,107,400) and USD 76,000,000 (CHF 73,188,000) respectively.

11. External funding receivables / External funding

The Institute receives external funding from third parties, including government agencies, in return for which the Institute may be obliged to comply with specific conditions. In certain cases, the right and / or obligation exists to confirm compliance by means of audit. The significant decrease in External Funding income is directly related to the wind-down of Clinical Trials operation and the Branch in San Diego, which will be finally dissolved in 2024.

12. License fees and royalties

License fees and royalties' income is shown in the Income Statement net of co-owners' share of income.

	USD		CHF	
Description	2023	2022	2023	2022
Gross license fees and royalties income	2,947,458	3,728,932	2,695,745	3,590,962
Co-owners' share distributed	345,294	1,081,496	315,806	1,041,481
Net license fees and royalties	**2,602,164**	**2,647,436**	**2,379,939**	**2,549,481**

13. Other operating expenses / Other operating income

In 2022, Other operating expenses included a settlement payment of USD 15,000,000 (CHF 14,445,625) for closing a legal case against the Institute. The related reimbursement from the insurance of USD 3,750,000 (CHF 3,611,406) was included in Other operating income.

14. Extraordinary income / (expense)

Extraordinary income of USD 3,943,862 in 2022 (CHF 3,797,939) originated from the release of a provision regarding a claim from the Swiss VAT authorities that was dropped in 2022

15. Full-time equivalents

The average number of full-time equivalent employees was 71 in 2023 and 121 in 2022. The decline was largely due to the wind down of the San Diego operations.

16. Internal control system and annual risk assessment

The Institute's management is responsible for the design, operation and maintenance of the system of internal control (ICS). The Institute's Board of Directors is ultimately responsible for the identification and assessment of risks, definition of the ICS framework and monitoring of management actions to ensure the adequacy and effectiveness of the control environment. The Institute's system of internal control over financial reporting is based on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The Institute has adopted a risk-based approach to internal control and accepts that it is neither possible nor cost effective to build a control environment that is risk free. Accordingly, the system of internal control in place is designed to manage rather than to eliminate risk. The system of internal control is an on-going process designed to identify the principal financial reporting risks, to evaluate the nature and extent of those risks and to manage them efficiently.

In 2023, the Institute's management conducted risk assessments of the key processes already documented in the form of process flowcharts. Risks within those key processes were identified and evaluated as to their likelihood and impact based on predefined scales, incorporating quantitative and qualitative criteria. For each of the identified risks, the risk level was calculated as a multiple of the likelihood and impact. Top risks for each process were identified based on their respective risk level and classified further as financial reporting or operational risks. Key controls were defined and implemented to mitigate those top financial reporting risks. Non-financial reporting risks are considered outside of the ICS through other LICR policies and procedures.

The Institute's management assessed the effectiveness of the ICS over financial reporting during the year under review and reported thereon to the Institute's Audit Committee.

The Audit Committee has the delegated responsibility to oversee the development and operation of the internal control system, to receive reports from the Risk and Compliance Officer and External Auditors, to review the internal control system documentation and to agree any actions necessary to implement recommended improvements. The Audit Committee received reports from the Institute's Risk and Compliance Officer regarding the ICS at all of its meetings during the year.

The Board of Directors of the Institute assessed the effectiveness of the ICS for financial reporting throughout the year and believes that the ICS for financial reporting was properly in effect as of December 31, 2023.

As part of the system of internal control, the internal audit function continued to operate and verify the adequacy and effectiveness of internal controls, carry out work to test the controls and provide reports to the Audit Committee. During 2023, the operations of the Ludwig Oxford Branch and the

New York Office were reviewed by internal audit, the Zurich Office by Price Waterhouse Coopers and a report thereof was submitted to the Institute's Audit Committee.

Risk assessments are carried out on an annual basis by the Risk and Compliance Officer reporting to the Audit Committee. They are based on an annual self-reassessment of risks and controls by the ICS process owners, information obtained by interviews of the Institute's management and key personnel and further evaluation and testing of controls when carrying out internal audits.

17. Subsequent events

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

PROPOSED APPROPRIATION OF AVAILABLE SURPLUS

The Statutory Financial Statements of the Ludwig Institute for Cancer Research Ltd as of December 31, 2023, together with the Report of the Statutory Auditors, dated May 16, 2024, are hereby submitted to the General Meeting of Shareholders.

The Balance Sheet of the Statutory Financial Statements shows total assets of USD 19,252,123 (CHF 16,389,332) and the Statement of Income and Expenditure shows a surplus for the fiscal year of USD 653,442 (CHF 597,637).

Description	USD 2023	CHF 2023
Voluntary retained surplus on January 1	1,970,488	1,580,650
Surplus for the year	653,442	597,637
Available Voluntary retained surplus on December 31 for distribution	**2,623,930**	**2,178,287**
Allocation to General legal retained surplus	(14,885)	(15,000)
Voluntary retained surplus on December 31	**2,609,045**	**2,163,287**

In accordance with Article 8 of the Statutes, the Board of Directors proposes that the Shareholders of the Institute authorize the carrying forward of the Voluntary retained surplus at the end of the year 2023, after mandatory allocation to General legal retained surplus of USD 14,885 (CHF 15,000) in the amount of USD 2,609,045 (CHF 2,163,287). In accordance with Article 672 of the Swiss Code of Obligations, no further allocations are required in the future, as the general statutory surplus has reached 50% of the share capital in both USD and CHF. In this regard, it is noted that according to Article 8 of the Statutes of the Institute, no distribution may be made to the Shareholders.

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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 Financial Statements

Opinion

We have audited the financial statements of Ludwig Institute for Cancer Research Ltd (the Company) on pages 41-50, which comprise the balance sheet as at December 31, 2023, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements comply with Swiss law and the Company's articles of incorporation.

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 Financial Statements" section of our report. We are independent of the Company 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.

Board of Directors' Responsibilities for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Company'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 Company'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. However, future events or conditions may cause the Company to cease to continue as a going concern.

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 financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.
KPMG AG

N. Maibach

Michael Herzog Licensed Audit Expert Auditor in Charge	Noemi Maibach Licensed Audit Expert

Zurich, 16 May 2024

Enclosure(s):
- Financial statements (balance sheet, income statement and notes)
- Proposed appropriation of available earnings