

THE
NOBEL
PRIZE

THE NOBEL FOUNDATION
ANNUAL REPORT

.

2022

The Nobel Foundation

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REPORT OF THE DIRECTORS

Tasks and organisation

The Nobel Foundation is a private foundation established in 1900 on the basis of the will of Alfred Nobel and the founding statutes promulgated in connection with the will. Its primary purpose is to ensure that the intentions of the will of Alfred Nobel are fulfilled.

The Foundation is responsible for ensuring that the assets made available for awarding the Nobel Prize are managed in such a way as to safeguard the economic base of the prize and guarantee the independence of the prize-awarding institutions in their work of selecting laureates. The Nobel Foundation is also entrusted with managing and carefully developing the trademarks and intangible assets that have been built up during the more than century-long history of the Nobel Prize.

Another central task of the Foundation is to protect the common interests of the prize-awarding institutions and represent all the Nobel institutions externally. This includes, for instance, broad informational activities aimed at disseminating knowledge about the Nobel Prize. The Nobel Foundation is also ultimately responsible for the Nobel Symposia, which are being organised by the Royal Swedish Academy of Sciences and the Norwegian Nobel Committee, respectively, starting in 2019.

Over the past 20–25 years, the Nobel Foundation has expanded its informational activities to such an extent that it has become necessary to form new organisations to run and develop these activities, which are not defrayed by funds from the Nobel Foundation.

The Alfred Nobel Memorial Foundation has an overall function as the umbrella organisation for the following entities: the wholly owned limited liability companies Nobel Group Interests AB, Nobel Prize Outreach AB and Nobelhuset AB in Stockholm. Stiftelsen Nobels Fredssenter (the Nobel Peace Center Foundation) is responsible for the Nobel Peace Center in Oslo, and Stiftelsen Nobel Center (the Nobel Center Foundation) is responsible for the activities carried out by the Nobel Prize Museum in Stockholm. Via licensing agreements, these foundations are connected to the umbrella organisation. The foremost task of these public entities is to disseminate information and knowledge about the Nobel Prize and the

contributions of the Nobel Prize laureates and to stimulate interest in science, humanism and peace efforts. For detailed presentations of the organisations and their activities, see the printed publication *The Nobel Foundation 2022 Annual Review*.

The Nobel Prize-awarding institutions – the Royal Swedish Academy of Sciences, the Nobel Assembly at Karolinska Institutet, the Swedish Academy and the Norwegian Nobel Committee – appoint fifteen members to the Trustees of the Nobel Foundation for two calendar years at a time. Of these, the Academy of Sciences elects six representatives, and the other prize-awarding institutions three each. In addition to these members, the Academy of Sciences appoints four deputy members and each of the other prize-awarding institutions two. The Trustees elect a Chairman from among their own number. The most important task of the Trustees is to appoint the Board of Directors of the Nobel Foundation.

The Nobel Foundation is represented by a Board of Directors, which consists of seven members and two deputy members. The Board members and deputy members are selected for a period of two years at a time. From among its own members, the Board elects a Chairman, a Vice Chairman and an Executive Director. The Trustees decide whether to discharge the members of the Board from personal liability for the preceding financial year.

The Nobel Foundation's administration and accounts are examined annually by six auditors, who work together in the Council of Auditors. The Trustees elect one of the Foundation's auditors, who is to be an authorised public accountant. The other auditors are elected by the prize-awarding institutions, except that their Chairman is appointed by the Swedish Government. All auditors are elected for a period of one year at a time.

The Foundation has its registered office in Stockholm but also carries out administrative activities in Oslo.

The Nobel Prize

The 2022 Nobel Prize laureates

Since 1901, the Nobel Prize and the Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel have been awarded to 989 laureates. Because some have been awarded the prize twice or three times, a total of 954 individuals and 27 organisations have received a Nobel Prize, including 92 recipients of the Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel. During 2022 the following prizes were awarded:

THE NOBEL PRIZE IN PHYSICS was awarded to Alain Aspect, John F. Clauser and Anton Zeilinger *“for experiments with entangled photons, establishing the violation of Bell inequalities and pioneering quantum information science”*.

THE NOBEL PRIZE IN CHEMISTRY was awarded to Carolyn R. Bertozzi, Morten Meldal and K. Barry Sharpless *“for the development of click chemistry and bioorthogonal chemistry”*.

THE NOBEL PRIZE IN PHYSIOLOGY OR MEDICINE was awarded to Svante Pääbo *“for his discoveries concerning the genomes of extinct hominins and human evolution”*.

THE NOBEL PRIZE IN LITERATURE was awarded to the French author Annie Ernaux *“for the courage and clinical acuity with which she uncovers the roots, estrangements and collective restraints of personal memory”*.

THE NOBEL PEACE PRIZE was awarded to human rights advocate Ales Bialiatski from Belarus, the Russian human rights organisation Memorial and the Ukrainian human rights organisation Center for Civil Liberties. *“The Peace Prize laureates represent civil society in their home countries. They have for many years promoted the right to criticise power and protect the fundamental rights of citizens. They have made an outstanding effort to document war crimes, human right abuses and the abuse of power. Together they demonstrate the significance of civil society for peace and democracy.”*

THE SVERIGES RIKSBANK PRIZE IN ECONOMIC SCIENCES IN MEMORY OF ALFRED NOBEL was awarded to Ben S. Bernanke, Douglas W. Diamond and Philip H. Dybvig *“for research on banks and financial crises”*.

The prize announcement week

On the first Monday of October, announcements of the 2022 Nobel Prize laureates began. In celebration of the year's announcements, the Nobel Prize Museum organised a series of events under the heading Nobel Calling Stockholm, featuring newsworthy conversations and programmes. The Nobel Prize Museum live-streamed the announcements of all the prizes, and representatives of the respective Nobel Committees spoke at the 2022 Crash Course to explain the year's scientific prizes. During the week, the museum also hosted conversations with Kailash Satyarthi, 2014 Peace Prize laureate, and Didier Queloz, 2019 Physics laureate.

During the museum's Peace Friday event, a panel of experts discussed the Nobel Peace Prize that had been announced just a few hours earlier and its role in the world. Other high points during the Nobel Calling week were conversations about the literature prize featuring members of the Swedish Academy and a family weekend featuring science "edutainment" in the spirit of the Nobel Prize. Teachers, Nobel Prize laureates, scientists and peace activists gathered for the international Nobel Prize Teacher Summit to discuss and explore topics related to education and learning.

Together with a number of other actors, the museum also organised activities throughout Stockholm. This included programmes about a Nobel Prize laureate who inspired an opera at the Royal Institute of Technology, humanitarian law in war and peace, precision medicine and the zebrafish facility at Karolinska Institutet. In addition, Nobel Calling Stockholm included a conversation about the Prize in Economic Sciences at the Central Bank of Sweden.

During Nobel Calling, the Nobel Prize Museum also inaugurated the exhibition *Life Eternal* at the Liljevalchs art gallery in Stockholm. It was an exhibition which brought together science, art and cultural history – showing different approaches to eternity, exploring the crucial issues of our era and offering hope for the future.

At the Nobel Peace Center in Oslo, a large number of visitors attended the announcement of the year's Peace Prize laureates. On the following day, another major event was held at the Peace Center, including the unveiling of the 2022 Peace Prize diploma, "live" conversations with representatives of the two organisations that had received the prize the day before, a speech by the Chair of the Nobel Committee and a panel of experts discussing the 2022 prize.

The Nobel Week in Stockholm

The 2022 Nobel Prize laureates were 14 in number, of whom 11 travelled to Stockholm to receive their prize. Also invited to the 2022 Nobel Week in Stockholm were the 2020 and 2021 laureates. They had each received their diploma and medal in their home countries due to the COVID-19 pandemic but now had the opportunity to participate physically in the Nobel festivities. In addition, a number of other earlier laureates were among speakers at the Nobel Week Dialogue, a full-day scientific seminar. The number of laureates participating in the Nobel Week varies from year to year. In 1950, 1991 and 2001, the Nobel Foundation celebrated anniversaries and invited all living laureates to attend. Aside from these years, the number of laureates attending the Nobel Week in 2022 was the highest ever.

The Nobel Week in Stockholm featured an extensive programme in which one of the most important elements was the laureates' Nobel Prize lectures – the only task in exchange for the prize mandated by the Statutes of the Nobel Foundation. These lectures were live-streamed on the official Nobel Prize website, [Nobelprize.org](https://nobelprize.org). The Nobel Prize awarding institutions hosted the lectures as well as the press conferences in which the laureates participated. The Nobel Foundation was responsible for carrying out the Nobel Prize award ceremony at Konserthuset Stockholm (the Stockholm Concert Hall) and the Nobel Prize Banquet at the City Hall on 10 December. Before that, on 6 December, the laureates had been welcomed to the Nobel Prize Museum.

Many laureates attended the annual Nobel Prize Concert on the evening of 8 December. There were also various meetings with research colleagues and visits to the laureates' respective embassies during the week. On 9 December the TV programme *Nobel Minds* was recorded at the Bernadotte Library in the Royal Palace, and later the same day the Nobel Foundation and the Royal Swedish Academy of Sciences jointly organised a reception at the Stockholm Waterfront Congress Centre. In addition, a broad programme was carried out, including a number of school visits. The Nobel Week Lights festival also took place during the Nobel Week. Inspired by Nobel Prize-awarded contributions, some 20 artistic lighting installations illuminated Stockholm's December darkness.

The Nobel Week ended on 12 December with a reception at the Nobel Museum. Also attending this reception were the 2022 Peace Prize laureates, who had travelled to Stockholm after the end of the Nobel Days in Oslo.

The Nobel Days in Oslo

Representatives of Nobel Peace Prize laureates Ales Bialiatski, Memorial and the Center for Civil Liberties participated in the 2022 Nobel Days in Oslo. Nobel lectures were given at the Peace Prize award ceremony at Oslo City Hall on 10 December, which was followed by a banquet at the Grand Hotel. On 11 December, the Nobel Peace Prize Forum conference took place at Oslo University on the theme of Afghanistan.

Representatives of the 2022 Peace Prize laureates visited the Norwegian Nobel Institute, where a press conference was held. They also participated in the inauguration of the exhibition on this year's Peace Prize at the Nobel Peace Center.

Financial management

Organisation and strategy of financial management

The objective of the Nobel Foundation's investment activities is to achieve a sufficiently high return over time, in a responsible fashion, to maintain the financial base of the Nobel Prize and guarantee the independence of the work of the Prize Committees in selecting the laureates. The Foundation's asset management must take into account the various risks that exist in financial markets.

The Foundation aims to deliver a total inflation-adjusted return of at least 3 per cent annually. This return shall be achieved while maintaining well-balanced overall financial management risks. Given a return at this level, the Foundation believes that it will be possible to cover its future expenses. The rising expectations imposed on a global actor like the Nobel Foundation, with its overall responsibility for the Nobel Prize and a high proportion of labour costs, create underlying cost pressure.

The Board of Directors establishes the asset management framework. This includes deciding on the overall principles for asset management with respect to oversight and responsible investments. Based on an assessment of risk and return, the Board sets intervals for how large the Foundation's holdings of equities, fixed income assets, alternative assets and property funds should normally be. This has resulted in a normal portfolio strategy of 55 per cent with an interval of -15 to +10 percentage points invested in equities, 10 per cent with an interval of -5 to +45 points in fixed income assets, 10 per cent ± 10 points in properties and 25 per cent ± 20 points in alternative assets. These intervals normally apply, but they can be changed by the Board of Directors.

In addition to its 3 per cent return target, the Nobel Foundation uses a benchmark index resembling its normal portfolio to evaluate short-term outcomes. In a longer perspective, the Foundation also compares its returns with those of other public, primarily Nordic asset managers. However, it is not an explicit objective of the Foundation to generate higher returns than the benchmark index or its peer group. Instead, these comparisons are a tool for evaluating the Foundation's asset management. When making comparisons to other asset management organisations, it is important to take into account various financial conditions, which may imply both advantages and disadvantages for the Foundation's asset management.

The benchmark index consists of 55 per cent equities (44 per cent MSCI All Country World Index and 11 per cent SIX Return Index, both including dividends), 10 per cent bonds (Handelsbanken All Bond Index), 10 per cent properties (the return on the Nobel Foundation's own property portfolio) and 25 per cent alternative assets (HFRI Fund of Funds Composite Index).

To ensure good asset management, the Board of Directors has appointed an Investment Committee. The principles and mandates established by the Board of Directors constitute the starting point of the work of the Nobel Foundation's Investment Committee. The Committee is responsible for regularly re-assessing the principles and rules that govern asset management operations and submitting proposals for changes. In addition, the Committee makes decisions on how the intervals that the Board has set for various asset classes shall be utilised over time – so-called tactical asset allocation decisions. The Committee also decides how to apportion the Foundation's assets between continents and countries as well as currency, interest rate and credit risks.

The choice of managers for each asset class is also made by the Committee. In choosing managers, the Committee attaches importance to such factors as investment philosophy, investment process, historically achieved asset management outcomes, risk control systems, management organisation, the manager's approach to responsible investments and fees.

The ambition of the Nobel Foundation is to carry out asset management that contributes to long-term sustainable development and also in other respects to follow good ethical principles in its investment activities. For this reason, the Foundation has established special guidelines for responsible investments, which are published separately. Since 2016 the Foundation is a signatory of the United Nations Principles for Responsible Investments (PRI).

During 2022, the Nobel Foundation's sustainability-related exclusions negatively affected the performance of its public equity portfolio. This was primarily related to Russia's warfare in Ukraine – leading to record share prices for oil companies, which the Foundation has no exposure to. The Foundation has continued its work with responsible investments, mainly via its asset managers. One example is Generation Investment Management, which has pledged to achieve "net-zero" in its portfolios by 2040. A further example is GuardCap Global, which invests in companies that have the potential to generate long-term sustainable growth and has been awarded five globes in the Morningstar Sustainability Rating. The Nobel Foundation again implemented a screening of its equity portfolio in

collaboration with Impact-Cubed for the purpose of examining the total sustainability footprint of the portfolio. The resulting report is used as a tool for dialogue with our asset managers.

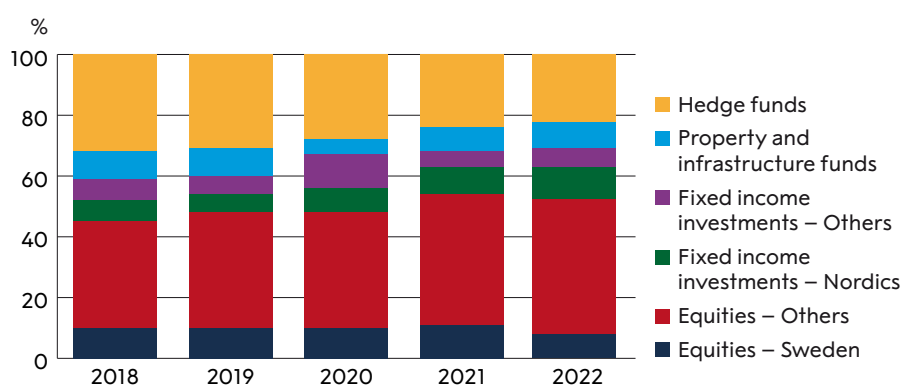
The Investment Committee itself determines what decisions it wishes to delegate to the executive management of the Foundation. Asset management is carried out with a small organisation. The Chief Investment Officer is responsible for preparing matters for decisions by the Committee, following up and executing these decisions, procuring fund managers and providing the necessary analytical and preparatory materials. The Investment Committee works without remuneration.

Overall position and profit

The market value of the Nobel Foundation’s total invested capital amounted to SEK 5,799 m (6,103) at the end of 2022. Excluding the value of the Foundation’s directly owned properties, investment capital amounted to SEK 5,515 m (5,720) at the end of the year. Investment capital exposure was 53 (55) per cent equity funds, 9 (8) per cent property and infrastructure funds, 17 (16) per cent fixed income assets and cash, 22 (24) per cent alternative assets and 0 (–2) per cent accrued currency hedging gains.

The allocation of investment capital by asset classes diverges from reported book value because only indirectly owned properties are included under the heading “Properties” and because the allocation includes exposure from derivatives.

Asset Class Exposure (%)



Total return on equity including directly owned properties (growth in Foundation assets after the reversal of the overall sum of all Nobel Prizes and operating expenses) amounted to –3.8 (+19.1) per cent. The year’s

return on investment capital was -2.0 ($+18.4$) per cent. See the Properties section for an explanation of why the return on equity diverges from return on invested capital. A list of hired managers within each asset class is available on request.

Outflow and expenses

During 2022, the overall sum of all Nobel Prizes and operating expenses was SEK 118.5 m (103.5). This was divided among four main categories: the Prizes, SEK 50 m (50); compensation to the Prize Committees, SEK 25.3 m (22.9); the Nobel Week in Stockholm and Oslo, SEK 25.5 m (10.5); plus administration etc., SEK 17.6 m (20.1).

The Prize Committees are, to some extent, entitled to allocate approved compensation between years, and minor natural fluctuations may thus occur.

The Nobel Foundation has received a bequest from the late Danish senior lecturer Niels Christian Thostrup, who left more than half of his remaining assets to the Foundation. Mr Thostrup was born into a family of Danish entrepreneurs. In his teens, he already showed a great interest in physics and mathematics. He studied at the University of Copenhagen and later became a lecturer at Ordrup Gymnasium, a high school in Charlottenlund near Copenhagen. His lifelong interest in mathematical physics led to his decision to bequeath part of his estate to the Nobel Foundation. The bequest to the Foundation totals SEK 41.7 m, of which SEK 20.4 m was disbursed during 2022 and SEK 21.3 m during 2021.

The investment portfolio

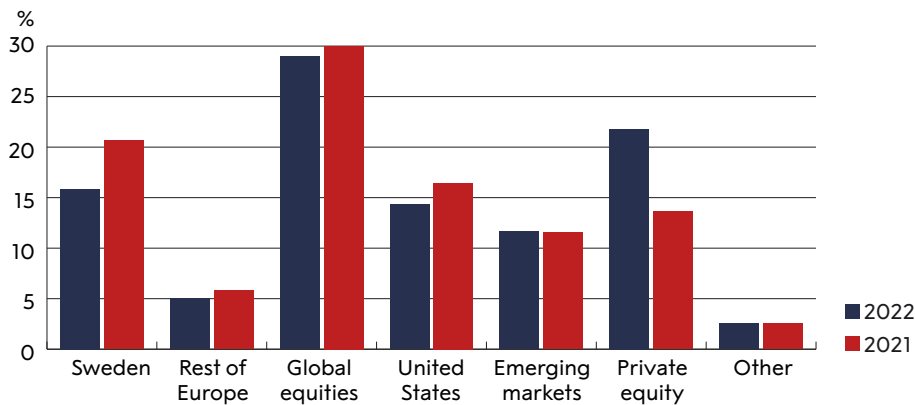
The total market value of investment capital (total invested capital excluding directly owned properties) amounted to SEK 5,515 m (5,720). Return on investment capital was -2.0 per cent, compared to -6.2 per cent for benchmark indices. During the past five years, investment capital rose by 7.5 per cent annually, compared to 6.5 per cent for benchmark indices. The Nobel Foundation also compares itself to a group of long-term Swedish investors, many of them pension companies.

The main reason why the Foundation's profit was stronger than benchmark indices during 2022 was excess returns by underlying asset managers, but this was also due to somewhat lower exposure to risky assets. Including currency hedging, equity funds contributed -4.9 per cent to overall profit, fixed income investments -0.7 per cent, property funds $+1.0$ per cent and alternative investments $+2.6$ per cent.

Investments in equities

The market value of the Foundation's investments in equities totalled SEK 2,904 m (3,122). Investments in equities accounted for 53 (55) per cent of investment capital at year-end 2022. The market value of private equity funds amounted to SEK 631 m (426).

Allocation of equity exposure

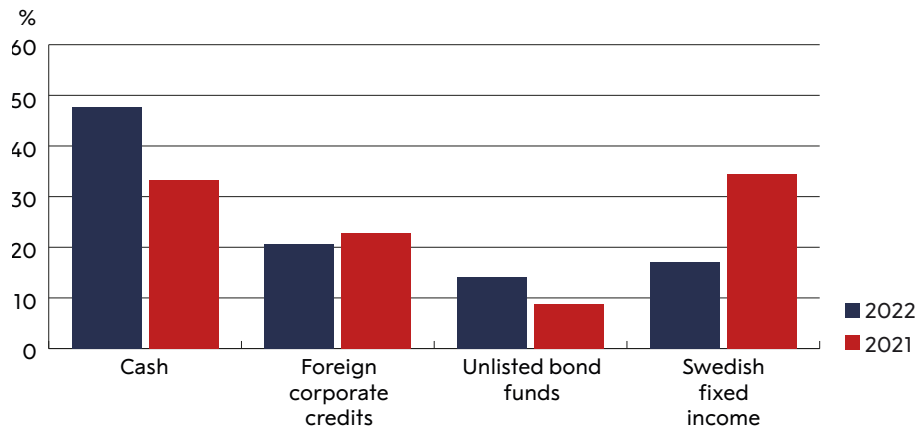


The value of the Nobel Foundation's total equities portfolio including currency hedges decreased by 9.2 per cent, after increasing by 33.7 per cent in 2021. This was 0.2 per cent better than the benchmark indices, which fell by 9.5 per cent (2021: +28.5). Before currency hedging the equities portfolio fell by 7.7 per cent (2021: +34.1). The year's return on private equity funds was +28.4 (+50.7) per cent in Swedish kronor. The latest valuation of these funds was made on September 30, 2022.

Fixed income investments

The market value of the Foundation's fixed income assets amounted to SEK 930 m (898). Liquid assets amounted to SEK 445 m (300). In addition, there was an accrued negative outcome from currency hedging.

Allocation of fixed income securities



The return on the Foundation's fixed income investments amounted to -4.4 (+1.3) per cent during the year. This was higher than the benchmark index, which changed by -7.9 (-1.0) per cent. The main reason for this higher return was that the Foundation had a shorter duration than the benchmark index. The return on fixed income securities before currency hedging was +0.9 per cent. The year's return on unlisted bond funds was +9.2 (+11) per cent in Swedish kronor (before currency hedging).

Alternative investments

The market value of the Foundation's alternative investments, of which 100 per cent consisted of hedge funds, amounted to SEK 1,201 m (1,349). Hedge funds accounted for 22 (24) per cent of total investment capital at year-end. During 2022, the hedge fund portfolio including currency hedging rose in value by 11.0 (+1.4) per cent, while the corresponding figure for the benchmark index was -6.4 (+6.4) per cent in Swedish kronor. The hedge fund portfolio, before currency hedging, rose by 26.1 (+12.0) per cent in terms of Swedish kronor.

Properties

The market value of the Foundation's holdings in property and infrastructure funds amounted to SEK 487 m (445). This accounted for 9 (8) per cent of its investment capital. During 2022, the value of property fund holdings including currency hedges rose by 12.4 (+24.1) per cent in Swedish kronor. The market value of directly owned properties amounted to SEK 284 m (384). This refers to the two properties in Stockholm and Oslo which the Foundation owns. They were appraised at 4.9 (6.3) per cent of total capital.

Late in 2022, the Nobel Foundation decided to sell its property in Oslo to the Norwegian Nobel Institute. The building is of historical value and cannot be sold or pledged as collateral by the Norwegian Nobel Institute without the approval of the Nobel Foundation. Meanwhile, the Storting (the Norwegian Parliament) has allocated NOK 300 m to pay for the purchase of the property and to provide the initial capital for the newly established Alfred Nobel Norwegian Memorial Foundation. The new memorial foundation will manage this capital and use the returns for the operations of the Nobel Institute and for the future maintenance of the property. The Nobel Foundation believes that the divestment will be beneficial in the long term. The divestment will take place in early 2023 and the property was therefore assessed at SEK 73 m at the end of 2022.

Currency hedging

At year-end 2022, the Foundation's net investment capital was allocated among SEK 2,972 m (3,437), USD 160 m (153), EUR 33 m (34) and SEK 513 m (423) worth of other currencies. Most foreign fixed income, real estate and alternative investments are normally currency hedged.

At year-end 2022, the amount of underlying currency forward contracts was USD 171 m (202) and EUR 39 m (49). At year-end, the value of these contracts was SEK -6.5 (-94.3) or -1.0 (-1.6) per cent of investment capital.

Allocation of profit for the year

Profit for the year before appropriations totalled SEK 56.8 m (394.2), of which SEK 102.9 m (406.2) consisted of realised change in value. In accordance with its Statutes, the Foundation is adding SEK 507.2 m (111.4) to restricted equity in order to safeguard the inflation-adjusted value of its equity over time. In its accounts, the Foundation must make a provision to restricted equity either in an amount equal to the year's inflation calculated on the basis of the market value of the Foundation's equity or equal to one tenth of total annual returns. The former alternative applies to the 2022 provision. The above allocation has been taken into account in preparing the balance sheet.

Change in equity (amounts in SEK 000)

	Restricted equity	Unrestricted equity	Total
Amount on 1 January	2,614,347	1,375,857	3,990,204
Capitalisation	507,164	-507,164	-
Reported income for the year		56,837	56,837
The year's Nobel Prizes		<u>-50,000</u>	<u>-50,000</u>
Amount on 31 December	3,121,511	875,530	3,997,041

Financial report

Income statement (amounts in SEK 000)

	Note	2022	2021
<i>Asset management</i>			
Interest income		4,041	4,327
Dividends		23,768	25,368
Realised change in value		102,856	406,205
Less direct external asset management costs	1	<u>-25,998</u>	<u>-10,190</u>
Reported profit/loss, asset management		104,667	425,710
<i>Operating profit/loss</i>			
Donations received		20,627	21,941
Compensation to Prize Committees		-25,295	-22,905
The Nobel Week in Stockholm and Oslo		-25,532	-10,455
Central administration	2	<u>-17,630</u>	<u>-20,122</u>
Reported operating profit/loss	3	-47,830	-31,542
Reported book profit/loss for the year before appropriations		56,837	394,168

Allocation of profit/loss for the year

Capitalisation, restricted equity	507,164	111,368
Capitalisation, unrestricted equity	<u>-450,327</u>	<u>282,800</u>
	56,837	394,168
The year's Nobel Prizes	<u>-50,000</u>	<u>-50,000</u>
The year's change in book value of equity	6,837	344,168

Balance sheet (amounts in SEK 000)

	Not	31 Dec 2022	31 Dec 2021
Assets			
Fixed assets			
<i>Intangible fixed assets</i>	4		
Capitalised development expenses		<u>6,947</u>	<u>1,623</u>
		6,947	1,623
<i>Tangible fixed assets</i>	4		
Buildings and land		1,396	1,396
Equipment		<u>595</u>	<u>443</u>
		1,991	1,839
<i>Financial fixed assets</i>			
Long-term holdings of securities		<u>3,602,722</u>	<u>3,731,283</u>
		3,602,722	3,731,283
Total fixed assets		3,611,660	3,734,745
Current assets			
<i>Current receivables</i>			
Prepaid expenses and accrued income		4,706	2,875
Other current receivables		<u>304,458</u>	<u>1,365</u>
		309,164	4,240
<i>Cash and bank balances</i>		142,418	300,170
Total current assets		451,582	304,411
Total assets		4,063,242	4,039,156

Balance sheet (amounts in SEK 000)

	Note	31 Dec 2022	31 Dec 2021
Equity and liabilities			
Equity			
<i>Restricted equity</i>		3,121,511	2,614,347
<i>Unrestricted equity</i>		<u>875,530</u>	<u>1,375,857</u>
Total equity	5	3,997,041	3,990,204
Liabilities			
Accounts payable		17,260	8,084
Accrued expenses and prepaid income		4,960	3,394
Other liabilities	6	<u>43,981</u>	<u>37,473</u>
Total liabilities		66,201	48,951
Total equity and liabilities		4,063,242	4,039,156

Cash flow statement (amounts in SEK 000)

	2022	2021
Cash flow from asset management	104,667	425,710
Operating expenses, excluding depreciation	<u>-47,665</u>	<u>-31,447</u>
Cash flow from operations	57,002	394,263
Change in portfolio funds	128,708	-132,328
Other changes in assets and liabilities	-293,462	23,721
The year's Nobel Prizes	<u>-50,000</u>	<u>-50,000</u>
Cash flow for the year	-157,752	235,656
Liquid funds on 1 January	<u>300,170</u>	<u>64,514</u>
Liquid funds on 31 December	142,418	300,170

Accounting principles

The Annual Report has been established in compliance with the Annual Accounts Act.

Receivables have been reported at the amount the Foundation expects to be paid. Current receivables and liabilities in foreign currencies have been valued at the year-end exchange rate. Other assets and liabilities have been reported at cost.

Depreciation is based on the original costs of property, plant and equipment and is distributed over their estimated economic life. Computers are depreciated in three years, other equipment in five years. Property write-downs occur only if the value of the properties has permanently fallen below their book value.

In addition to the amount reported as direct external asset management costs, when it comes to the Foundation's unit trust (equity mutual fund) holdings, such costs are subtracted directly from the asset value of the holding.

Securities have been valued at cost or market value, whichever is lower, for the entire securities portfolio including administrative properties. When securities are sold, their cost is calculated according to the averaging method, i.e. at the average cost of all securities holdings of the same class. Gains and losses from the sale of securities are reported in the income statement as realised change in value.

The Foundation enters into currency forward contracts to hedge certain exchange rate changes. At maturity, the gain or loss on the forward contracts is reported.

The market value of certain alternative investments is affected by the fact that reporting from funds occurs with a certain time lag.

Interest is allocated among time periods on the basis of effective acquisition interest rate, which means that interest income for the period consists of coupon interest and change in accrued cost.

The Foundation has chosen to divide its operating expenses by function. These sub-items are reported on a net basis.

Notes to the financial statements

(amounts in SEK 000)

Note 1

Direct external asset management costs

This item in the income statement includes certain external management costs (fixed and variable), discounts and taxes. In addition, there are indirect external management fees. This year's asset management loss of 2 per cent is calculated after all external asset management costs.

Note 2

Central administration

	2022	2021
Salaries and pensions, including social insurance expenses	8,612	8,159
Fees, including social insurance expenses	4,939	4,650
Travel expenses	170	17
Other personnel expenses	332	229
Office administration	2,977	1,936
Expenses for premises	2,441	1,945
Depreciation	88	52
Exchange rate differences	706	250
Other administrative expenses	<u>525</u>	<u>231</u>
	20,790	17,469
Outcome, Stockholm property	-2,411	4,030
Outcome, Oslo property	1,593	514
Cost compensation from Sveriges Riksbank	<u>-2,342</u>	<u>-1,891</u>
	17,630	20,122

Note 3

Salaries, fees and social insurance expenses

	Board of Directors and Executive Director		Other employees	
	2022	2021	2022	2021
Salaries and fees	1,403	1,411	6,138	5,031
Social insurance expenses	806	786	3,062	2,638
– of which pension expenses	407	387	1,099	1,071

The average number of employees was 9 (7), of whom 8 (6) were women. The Board of Directors has one female member.

Note 4
Intangible fixed assets
Capitalised development expenses

	31 Dec 2022	31 Dec 2021
Cost, 1 January	1,623	0
Purchases	<u>5,324</u>	<u>1,623</u>
	6,947	1,623

Tangible fixed assets
Buildings and land

Properties

Humlegården 15, Sturegatan 14, Stockholm (tax value 98,000)
The Norwegian Nobel Institute, Henrik Ibsens gate 51, Oslo
(no tax value due to tax exemption)

Buildings

Cost, 1 January/31 December	20,148	20,148
Depreciation and write-downs, 1 January/31 December	<u>-19,129</u>	<u>-19,129</u>
	1,019	1,019

Land

Cost, 1 January/31 December	<u>377</u>	<u>377</u>
	377	377

Value of land and buildings, 31 December **1,396** **1,396**

Humlegården 15, Sturegatan 14, Stockholm	210,403	233,637
Henrik Ibsens gate 51, Oslo	<u>73,700</u>	<u>149,957</u>
Market value, directly owned properties	284,103	383,594

Equipment

Cost, 1 January	13,805	13,689
Purchases	<u>318</u>	<u>116</u>
Accumulated cost, 31 December	14,123	13,805

Depreciation, 1 January	-13,362	-13,267
Depreciation for the year	<u>-165</u>	<u>-95</u>
Accumulated depreciation, 31 December	-13,527	-13,362

Value of equipment, 31 December **595** **443**

The year's depreciation was apportioned as follows:

Central administration	-88	-52
The Nobel Week in Stockholm and Oslo	<u>-77</u>	<u>-43</u>
	-165	-95

Note 5

The year's change in unrealised surplus values, securities and properties

<i>Equity</i>	31 Dec 2022	31 Dec 2021	<i>Change</i>
Market value	5,745,878	6,059,302	-313,424
Less book value	<u>-3,997,041</u>	<u>-3,990,204</u>	<u>-6,837</u>
Surplus value	1,748,837	2,069,098	-320,261

Note 6

Other liabilities

	31 Dec 2022	31 Dec 2021
Debts, Nobel Prize laureates	37,968	34,940
Account settlements, Prize Committees	4,806	2,210
Miscellaneous liabilities	<u>1,207</u>	<u>323</u>
	43,981	37,473

Note 7

Assets pledged and contingent liabilities

	31 Dec 2022	31 Dec 2021
Asset pledged	None	None
Contingent liabilities	826,080	853,870

Investment obligations, unlisted holdings

This is capital committed (but not yet disbursed) to property and infrastructure funds as well as private equity funds and corporate debt.

Stockholm, 12 april 2023

Carl-Henrik Heldin
Chairman

Berit Reiss-Andersen
Vice Chairman

Mats Malm

Tomas Nicolin

Thomas Perlmann

Hans Ellegren

Vidar Helgesen
Executive Director

Our auditors' report was issued on 13 April 2023

David Edvardsson
Chairman

Bettina Banoun

Catharina Larsson

Sven Lidin

Steve Sem-Sandberg

Jonas Svensson
Authorised Public Accountant

Auditors' report

To the Trustees of the Nobel Foundation,
Swedish organisation ID 802002–4462

Report on the annual accounts

Opinions

We have audited the accounts of the Nobel Foundation related to the year 2022.

In our judgement, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Foundation as of 31 December 2022 and its financial results and cash flows for the year according to the Annual Accounts Act. The Report of the Directors is consistent with the other parts of the annual accounts.

Basis for statements

We have conducted the audit according to generally accepted auditing standards in Sweden. The responsibility of the auditors according to these standards is described in more detail in the sections entitled *The responsibility of the authorised public accountants* and *The responsibility of the unqualified auditors*. We are independent in relation to the Foundation according to generally accepted auditing standards in Sweden, and as authorised public accountants we have otherwise fulfilled our professional ethical responsibilities according to these requirements.

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

The responsibility of the Board of Directors

The Board of Directors bears responsibility for preparing annual accounts that provide a true and fair view according to the Annual Accounts Act. The Board is also responsible for such internal controls that it deems necessary to prepare annual accounts that are free from material misstatement, whether due to fraud or mistakes.

In preparing the annual accounts, the Board is responsible for the assessment of the ability of the Foundation to continue as a going concern. It discloses, as applicable, matters that may affect the Foundation's ability to continue as a going concern and to use the going concern basis of accounting. The going concern basis of accounting is not, however, applied if the Board intends to liquidate the Foundation, to cease operations or has no realistic alternative but to do so.

The responsibility of the authorised public accountants

Our objective is to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or mistakes, and to submit an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted according to ISAs and generally accepted auditing standards in Sweden 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 influence the economic decisions that users make on the basis of these annual accounts.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or mistakes, 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 controls.
- obtain an understanding of the Foundation's internal controls relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal controls.
- evaluate the appropriateness of accounting principles used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- conclude on the appropriateness of the Board's use of the going concern basis of accounting in preparing the annual accounts. I also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts. 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 a foundation to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform the Board of significant audit findings, including any significant deficiencies in internal controls that we have identified.

The responsibility of the unqualified auditors

Our responsibility is to conduct an audit in accordance with the Swedish Auditing Act and thereby according to generally accepted auditing standards in Sweden. Our objective is to achieve a reasonable degree of assurance that the annual accounts have been prepared in accordance with the Annual Accounts Act and that the annual accounts provide a fair view of the Foundation's financial results and position.

Report on other legal and statutory requirements

Opinion

In addition to our audit of the annual accounts, we have also audited the Board of Directors' administration of the Nobel Foundation during the year 2022.

We have not found that any member of the Board has taken any action or been guilty of any negligence that may give rise to liability to the Foundation.

Basis for opinion

We have conducted the audit according to generally accepted auditing principles in Sweden. Our responsibility according to these standards is described in more detail in the sections entitled *The responsibility of the authorised public accountants* and *The responsibility of the unqualified auditors*. We are independent in relation to the Foundation according to generally accepted auditing standards in Sweden. We, as authorised accountants, have otherwise fulfilled our professional ethical responsibilities according to these requirements.

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

The responsibility of the Board of Directors

The Board bears responsibility for the administration of the Nobel Foundation according to the Foundations Act and the Foundation's Statutes.

The responsibility of the auditors

Our objective concerning our audit of the administration of the Foundation, and thereby our opinion, is to obtain audit evidence to assess, with a reasonable degree of assurance, whether any member of the Board of Directors, in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the Foundation.
- in any other way has acted in contravention of the Foundations Act, the Nobel Foundation's Statutes or the Annual Accounts Act.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted according to generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the Foundation.

As part of an audit in accordance with generally accepted auditing standards in Sweden, the authorised accountant exercises professional judgement and maintains professional scepticism throughout the audit. The examination of the administration is based primarily on the audit of the accounts. Additional audit procedures performed are based on the authorised accountant's professional judgement, with risk and materiality as the starting point. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the Foundation's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion.

Stockholm, 13 april 2023

David Edvardsson
Chairman

Bettina Banoun

Catharina Larsson

Sven Lidin

Steve Sem-Sandberg

Jonas Svensson
Authorised Public Accountant

Organisational structure

Trustees of the Nobel Foundation

Professor Per Delsing, Chairman

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Professor Kerstin Sahlin
Professor Olga Botner
Professor Per Delsing
Professor Martin Jakobsson
Professor Helena Edlund
Professor Dan Larhammar

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Professor Anne L' Huillier
Professor Carl Folke
Professor Magnus Berggren

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Professor Christer Höög
Professor Nils-Göran Larsson

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Dr Asle Toje
Ms Kristin Clemet

Deputy Trustees:
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Ms Anne Enger

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Chair of the Norwegian Nobel Committee

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Professor Mats Malm
Permanent Secretary of the Swedish Academy

Mr Tomas Nicolin, MSc

Professor Thomas Perlmann
*Secretary of the Nobel Assembly at Karolinska Institutet
and of the Nobel Committee for Physiology or Medicine*

Vidar Helgesen
Executive Director of the Nobel Foundation

Deputy members

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Secretary of the Nobel Committee for Chemistry

Professor Ulf Danielsson
Secretary of the Nobel Committee for Physics

Investment Committee

Mr Tomas Nicolin, MSc, Chairman
Ulrika Bergman, Chief Financial Officer
Professor Magnus Dahlquist
Professor Carl-Henrik Heldin
Mr Vidar Helgesen, Executive Director
Mr Kent Janér
Mr Sven Nyman

Auditors

Dr David Edvardsson Chairman	appointed by the Swedish Government
Mr Jonas Svensson Professor Sven Lidin	elected by the Trustees elected by the Royal Swedish Academy of Sciences
Professor Catharina Larsson	elected by the Nobel Assembly at Karolinska Institutet
Steve Sem-Sandberg, Author Bettina Banoun	elected by the Swedish Academy elected by the Norwegian Nobel Committee

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