



LSP Advisory B.V.

Annual report for the year 2021

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Directors' report

General

LSP Advisory B.V. (the Company) was incorporated on 3 March 2008 as an asset manager focussing on investments in publicly listed life sciences companies. It currently manages the Euronext listed LSP Life Sciences Fund N.V. (the Fund), four client mandates (the Mandates) and the closed-end Private Equity Alternative Investment Funds (AIFs). During the reporting period the combined Assets under Management (AuM) have increased from € 117.1 million to € 909.4 million, a 676% increase. This strong increase is fully attributable to transferring the management of the closed-end Private Equity AIFs to LSP Advisory B.V. following the AIFMD restructuring. This restructuring effectively combined both the public and private investment teams into one organisation, operating under a single AIFMD license.

LSP Advisory B.V. has its statutory seat at Johannes Vermeerplein 9, Amsterdam, the Netherlands and is registered at the Trade Register of the Chamber of Commerce in Amsterdam under file number 34296447.

Governance

LSP Advisory B.V. is a wholly owned subsidiary of LSP Management Group B.V. Following the acquisition by EQT of LSP which was effectuated on 28 February 2022, LSP Advisory B.V. is now a wholly owned subsidiary of EQT Life Sciences Group B.V. which in turn has EQT AB, a Swedish public company with a listing on the Nasdaq Stockholm Stock Exchange, as its ultimate parent. In connection with the acquisition, LSP has been rebranded into EQT Life Sciences.

LSP Advisory B.V. has been granted a license pursuant to Article 2:65 of the Dutch Act on Financial Supervision (Wft) by the Netherlands Authority for the Financial Markets (AFM) on 12 April 2011. With the Alternative Investment Fund Managers Directive (AIFMD) that came into force on 22 July 2014, this license has been converted into an AIFM license by legislative decree. Since 24 November 2015, LSP Advisory B.V. also holds a license pursuant to Article 2:67a, 2nd paragraph, sub a of the Wft for asset management (individueel vermogensbeheer) in connection with the management of the Mandates.

In July 2020 the Asset under Management of the private equity funds of LSP crossed the AIFMD-light threshold. In consultation with the AFM, it was decided to also designate the management of the private funds to LSP Advisory B.V. An application for a license expansion pursuant to Article 2:67, 1st paragraph, was submitted to AFM in August 2020 and was subsequently approved on 10 June 2021.

In view of this group restructuring, the Supervisory Board of LSP Advisory B.V. has been dissolved and is replaced by oversight at the level of the AIFs.

Key Financial Data

In 2021 LSP Advisory B.V. had revenues amounting to € 9.3 million compared to € 4.3 million in the same period prior year. This revenue consists of € 8.0 million management fee from LSP 7 fund, incorporated since 6 July 2021. Operating expenses for the year amount to € 2.3 million (2020: € 2.0 million) and there is no corporate income tax (2020: € nil), resulting in a net profit for the period of € 7.0 million (2020: net profit of € 2.2 million). Per year end 2021 the shareholders' equity amounted € 8.9 million (2020: € 4.0 million) which is well above the solvency requirement as included in the AIFMD. Current assets minus current liabilities as of 31 December 2021 amounted to € 8.9 million (2020: € 4.0 million).

Risk management

LSP Advisory B.V. has established and maintains a permanent risk management function that implements effective risk management policies and procedures in order to identify, measure, manage and monitor on an ongoing basis all relevant risks.

The risk management function is functionally and hierarchically separated from the investment management function. The risks of LSP Advisory B.V. itself are mainly related to:

- Market risks
- Credit risk
- Operational risks, including regulatory compliance risk

LSP Advisory B.V. is exposed to market risk as the management fee is linked to the Assets under Management. In turn the AuM fluctuate with market movements. Also, the performance fee is influenced by market movements as well as investment performance. Credit risk mainly relates to the solvency and liquidity of the investment funds from which LSP Advisory B.V. receives its fees. Operational risks relate mainly to people, e.g. skill and retention of key investment personnel, IT systems and regulatory compliance risk.

Personnel

During the reporting period the number of employees seconded from LSP Operations B.V. to LSP Advisory B.V. increased from 5 to 27 in connection with the aforementioned AIFMD restructuring.

Investments and financing

LSP Advisory B.V. will continue to make investments in its team and infrastructure in order to further improve the trade execution capabilities, risk management, data analytics and fundraising capability. The Company is completely financed with equity and it is expected to remain that way for the next couple of years. Aforementioned investments will be financed out of retained earnings.

Administrative organization and internal controls

LSP Advisory B.V. has documented the administrative organization and internal controls in accordance with the Dutch Act on Financial Supervision (Wft) and the Decree on Conduct of Business Supervision of Financial Undertakings (BGfo). During the reporting period we have reviewed the various aspects of our operations. Our review did not find anything that would lead us to conclude that the administrative organization and the system of internal controls as referenced in article 121 of the BGfo does not satisfy the requirements as laid down in the BGfo and related regulations. Furthermore, we did not find that the administrative organization and internal controls are ineffective or that they do not operate in accordance with their description.

Based on the above, we declare as LSP Advisory B.V. that we are in possession of a description of the administrative organization and internal controls in accordance with Article 121 of the Bgfo, which fulfils the requirements of the Bgfo. We also state with a reasonable degree of certainty that the administrative organization and the system of internal controls were effective and operated in accordance with its description during the reporting period.

The Directors of LSP Advisory B.V. confirm to the best of their knowledge that:

- the financial statements for the year 2021 have been prepared in accordance with the statutory provisions of Part 9, Book 2 of the Netherlands Civil Code and give a true and fair view of the assets, liabilities and financial position of LSP Advisory B.V. as at 31 December 2021 and of its result for the period then ended;
- the report includes a fair review of the key developments of the Company during the period and the effects thereof on the annual report, together with the principal risks and uncertainties of upcoming six months;
- the report provides adequate disclosure of the principal transactions with related parties.

Recent developments

In November 2021, LSP and EQT, a leading global investment firm, announced an agreement to acquire LSP in order to strengthen EQT's position as one of the leading and most active investors in the healthcare sector. The transaction was subject to customary closing conditions, including antitrust, regulatory and certain fund investor clearances. The transaction has closed at the end of February 2022. The team, investment process and decision making will not be impacted by the transaction and hence no adverse impact for the Company, the funds and mandates it manages nor its investors is anticipated. Following the acquisition, LSP has been rebranded to EQT Life Sciences.

Outlook

For the year 2022, LSP Advisory B.V. expects to grow its Assets under Management, in line with the ambition to become a sizable player in its market. It is expected that this growth comes from a combination of investment performance as well as through subscription by new investors.

Disclosure in respect of COVID-19 virus

Economic expectations and prospects for capital markets were revised sharply downwards in the first quarter of 2020 due to the spread of the Covid-19 (commonly referred to as ‘Corona’) virus. Extensive measures have been taken worldwide to contain the virus. It is clear that these measures will have a huge impact on the economy. Central bankers and governments have announced measures to mitigate the economic impact of the Covid-19 virus. The further course of the virus will determine how long the measures will remain in effect. These developments have a major impact on society and economies. In 2021 the impact on the Company’s result were relatively limited. The director follows developments closely, but it doesn’t expect that Covid-19 will have a material negative impact on either the Company’s operations or financial position of the Company going forward.

Russian invasion in Ukraine

On 24 February 2022, Russia launched a military offensive against Ukraine. This led to widespread sanctions against Russia and heightened security and cyber threats. The situation in the region is changing rapidly; the Company is closely monitoring the situation and will take the actions it deems necessary to preserve and protect the interest of the investors in its funds and mandates. This concerns, but is not limited to, ensuring compliance with the requirements of all international sanctions, proactive management of the assets of funds and mandates in order to minimize risks and applying all protective measures and protocols with respect to the heighten cyber threats. Although the funds and mandates it manages do not hold assets in Ukraine, Russia or neighbouring countries directly, market disruptions due to current geopolitical events have a global impact and the consequences are uncertain. Any such disruptions may adversely affect the performance of the funds and/or the mandates. The Company continues to monitor the developments and evaluate their implications.

LSP Advisory B.V.

Mark Wegter

Merijn Klaassen

Financial statements

Balance sheet as at 31 December 2021

Assets	31 December 2021	31 December 2020
(in Euro)		
Current assets		
Receivables from related parties	1 10,286,972	3,516,523
Other receivables	2 573,609	936,662
Cash and cash equivalents	3 <u>141,448</u>	<u>1,091,895</u>
	11,002,029	5,545,080
	<u>11,002,029</u>	<u>5,545,080</u>
Liabilities		
(in Euro)		
Equity		
	4	
Issued capital	18,000	18,000
Share premium	332,000	332,000
General reserve	1,546,699	1,427,707
Result for the year	<u>7,024,859</u>	<u>2,218,992</u>
	8,921,558	3,996,699
Current liabilities		
Taxes and social security premiums	5 76,838	56,809
Other liabilities	6 <u>2,003,633</u>	<u>1,491,572</u>
	2,080,471	1,548,381
	<u>11,002,029</u>	<u>5,545,080</u>

Profit and loss account for the year 2021

		2021	2020
(in Euro)			
Management fee	8	9,308,351	1,311,603
Performance fee		-	2,966,993
Operating income		9,308,351	4,278,596
Staff expenses	9	1,655,565	1,406,806
Other operating expenses	10	496,411	597,558
Cost sharing LSP Operations B.V.	11	75,706	-
Service fee	12	51,300	51,300
Operating expenses		2,278,982	2,055,664
Operating income (loss)		7,029,369	2,222,932
Interest expenses		(4,510)	(3,940)
Financial result		(4,510)	(3,940)
Income before tax		7,024,859	2,218,992
Corporate income tax	13	-	-
Net income (loss) for the year		7,024,859	2,218,992

Notes to the financial statements

General

LSP Advisory B.V. is a private limited liability company established under the laws of the Netherlands on 3 March 2008. LSP Advisory B.V. has its statutory seat at Johannes Vermeerplein 9, Amsterdam, the Netherlands and is registered at the Trade Register of the Chamber of Commerce in Amsterdam under file number 34296447. Its primary activities consist of managing investment funds and mandates in the healthcare sector.

Principles of accounting

Basis of preparation

The accompanying financial statements have been prepared in accordance with Title 9, Book 2 of the Netherlands Civil code and the Generally Accepted Accounting Principles in the Netherlands. In view of the size of the Company, the exemption provided for in article 396, Title 9, Book 2 of the Netherlands Civil code (small company) has been applied.

Going concern

These financial statements have been prepared on the basis of the going concern assumption.

General

An asset is disclosed in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. A liability is recognised in the balance sheet when it is expected to result in an outflow from the entity of resources embodying economic benefits and the amount of the obligation can be measured with sufficient reliability.

Income is recognised in the profit and loss account when an increase in future economic potential related to an increase in an asset or a decrease of a liability has arisen, the size of which can be measured reliably. Expenses are recognised when a decrease in the economic potential related to a decrease in an asset or an increase of a liability has arisen, the size of which can be measured with sufficient reliability.

If a transaction results in a transfer of future economic benefits and or when all risks relating to assets or liabilities to a third party, the asset or liability is no longer included in the balance sheet. Assets and liabilities are not included in the balance sheet if economic benefits are not probable and/or cannot be measured with sufficient reliability.

Income and expenses are allocated to the financial year to which they relate.

All amounts are in Euro (€), the Company's functional currency, unless otherwise stated.

Using estimates and judgments

The preparation of the financial statements requires that management make judgements and use estimates and assumptions that affect the application of the accounting principles and the reported value of the assets and liabilities and the income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are continually reviewed. Revised estimates are incorporated in the period in which the estimate is revised and in future periods for which the revision has consequences.

Foreign exchange translation

Transactions denominated in foreign currency are translated into the relevant functional currency of the Company at the exchange rate applying on the transaction date. Monetary assets and liabilities denominated in foreign currency are translated at the balance sheet date into the functional currency at the exchange rate applying on that date. Translation gains and losses are taken to the profit and loss account.

Non-monetary assets and liabilities in foreign currency that are stated at historical cost are translated into the functional currency at the applicable exchange rates applying on the transaction date. Non-monetary assets and liabilities in foreign currency that are stated at present value are translated into the functional currency at the applicable exchange rates at the moment the present value is determined. Translation gains and losses are taken directly to equity as part of the revaluation reserve.

Financial instruments

Financial instruments include investments in shares and bonds, trade and other receivables, cash items, loans and other financing commitments, derivative financial instruments, trade payables and other financial liabilities. These financial statements contain the following financial instruments: trade and other receivables, cash items and other financial liabilities.

Financial instruments are initially stated at fair value, including discount or premium and directly attributable transaction costs. However, if financial instruments are subsequently measured at fair value through profit and loss, then directly attributable transaction costs are directly recognised in the profit and loss account at the initial recognition.

After initial recognition, financial instruments are valued in the manner described below.

Receivables

Receivables are carried at amortised cost on the basis of the effective interest method, less impairment losses. Trade and other receivables found not to be individually impaired are collectively assessed for impairment by grouping together receivables with similar risk characteristics. In assessing collective impairment, the Company uses historical trends of the probability of default and the increase of the

number of receivables in its portfolio that are past due for more than 90 days. The outcome is adjusted when management is of the opinion that current economic and credit conditions are such that it is probable that actual losses will be higher or lower than the historical trends are suggesting. The carrying amount of receivables is reduced by an allowance for doubtful debts. Receivables that appear to be irrecoverable are written off against the allowance. Other additions to and withdrawals from the allowance are recognised in the profit and loss account.

When, in a subsequent period, the amount of an impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised, the decrease in impairment loss is reversed through profit or loss (up to the amount of the original amortised cost).

Equity

Financial instruments taking the legal form of shareholders' equity instruments are presented under shareholders' equity. Distributions to the holders of these instruments are deducted from shareholders' equity.

Current liabilities

Current liabilities are stated after their initial recognition at amortised cost on the basis of the effective interest rate method.

Offsetting financial instruments

A financial asset and a financial liability are offset when the entity has a legally enforceable right to set off the financial asset and financial liability and the Company has the firm intention to settle the balance on a net basis, or to settle the asset and the liability simultaneously. If there is a transfer of a financial asset that does not qualify for derecognition in the balance sheet, the transferred asset and the associated liability are not offset.

Taxes

Taxes are calculated on the result, taking into account existing tax facilities.

Risk management

General

During the normal course of business, the Company uses various financial instruments that expose it to market, currency, interest, cash flow, credit and liquidity risks. To control these risks, the Company has instituted a policy including a code of conduct and procedures that are intended to limit the risks of unpredictable adverse developments in the financial markets and thus for the financial performance of the Company.

Liquidity risk

The Group monitors its cash position by using successive liquidity budgets. The management ensures that the cash position is sufficient to meet the Company's financial obligations towards creditors and to stay within the limits of its loan covenants, if applicable.

In accordance with the prudential supervision, the Company ensures that it has sufficient liquid or near-liquid assets to continue its operations for at least 3 months, irrespective of its revenues.

Balance sheet as at 31 December 2021**Current Assets****1. Receivables from related parties**

The receivables from related parties consist of a receivable from LSP 7 Management B.V. of € 5.0 million for management fee regarding July to December 2021, from LSP 7 Coöperatief U.A. of € 3.2 million, from LSP Management Group B.V. of € 1.6 million for funding and a receivable from LSP Bioventures Management B.V. of € 0.2 million as well as receivables from several LSP funds of in total € 0.2 million. All these receivables are due within one year.

2. Other receivables

Other receivables consist of a receivable of management fee of € 0.6 million in connection with the Client Mandates. All these receivables are due within one year.

3. Cash and cash equivalents

Cash and cash equivalents consist of cash at banks with ING Bank in Amsterdam. All cash and cash equivalents are available on demand.

4. Equity

(in Euro)	Issued capital	Share premium	General reserve	Result for the year	Total
Balance as at 31 December 2019	18,000	332,000	1,155,465	272,242	1,777,707
Changes during the year					
Transfer of result to reserve			272,242	(272,242)	-
Result for the year				2,218,992	2,218,992
Balance as at 31 December 2020	18,000	332,000	1,427,707	2,218,992	3,996,699
Changes during the year					
Transfer of result to reserve			2,218,992	(2,218,992)	-
Interim dividend			(2,100,000)		(2,100,000)
Result for the year				7,024,859	7,024,859
Balance as at 31 December 2021	18,000	332,000	1,546,699	7,024,859	8,921,558

In the year 2021 the Company paid a dividend in the amount of € 2.1 million to its (sole) shareholder. In 2020 no dividend was paid.

Issued capital

The authorised capital of the Company amounts to € 90,000, divided in 90,000 common shares, with a par value of € 1.00, of which 18,000 shares have been issued and fully paid.

Current liabilities**5. Taxes and social security premiums**

Taxes and social security premiums consist of VAT payable for the fourth quarter of 2021 of € 77 thousand. This liability is due within one year.

6. Other liabilities

Other liabilities consist of various expenses made in 2021, which will be paid in 2022 for an amount of € 0.2 million as well as a payable to LSP Operations B.V. of € 1.5 million and to LSP Bioventures Inc. of € 0.3 million for costs charged. All these liabilities are due within one year.

7. Off-balance sheet assets and liabilities

LSP Advisory B.V. is part of a fiscal unity with LSP Health Economics Fund Management B.V., LSP Operations BV, LSP IV Management B.V., LSP V Management B.V., LSP 6 Management B.V., LSP Dementia Fund Management B.V. with LSP Management Group B.V. being the ultimate holding company. The income tax for the group is payable at group level and only recorded in the financial statements of the mother. LSP Advisory B.V. is however jointly and severally liable for the aggregate Corporate Tax liability of this group in case LSP Management Group B.V. does not timely or fully pay the group's taxes.

Income Statement for the year 2021

8. Management fee

LSP Advisory B.V. has concluded an investment management agreement with LSP Life Sciences Fund N.V. pursuant to which LSP Advisory B.V. is entitled to receive a management fee equal to 1.5% per annum of the Net Asset Value excluding (i.e. before deduction of) the accrued management fee and performance fee. The management fee accrues on a daily basis by reference to the latest Net Asset Value and is payable by the Fund in arrears as per the last business day of each month.

In addition, LSP Advisory B.V. has concluded an investment management agreement with the Client Mandates pursuant to which LSP Advisory B.V. is entitled to receive a management fee of up to 1.5% per annum of the average Net Asset Value of the respective Client Mandate.

LSP Advisory B.V. has concluded an AIFM agreement with LSP 7 Coöperatief U.A. pursuant to which the AIFM will be entitled to a blended fee of approximately 1.9% of the committed capital of the LSP 7 fund during the investment period.

The aggregate management fee for the year 2021 amounted to € 9.3 million (2020: € 1.3 million).

9. Staff expenses

(in Euro)	2021	2020
Gross wages and salaries	1,135,691	689,774
Social security charges	99,898	51,346
Pension insurance	132,752	79,603
Performance based remuneration	262,550	582,500
Other staff expenses	24,674	3,583
Total staff expenses	1,655,565	1,406,806
FTE at period end	24.7	3.5

As part of the AIFMD implementation, the Investment Managers and the Risk Manager have been seconded to LSP Advisory B.V. as of 1 July 2014. As part of this secondment agreement LSP Operations B.V. charges the fully loaded personnel expenses to LSP Advisory B.V. As such the above table shows the staff expenses for the year 2021.

LSP Advisory B.V. has implemented the AIFMD regulations regarding remuneration and has established a compliant remuneration policy. The objective of this remuneration policy is to motivate and retain the investment managers and other employees. The remuneration policy of the Company is designed such that it is consistent with and promotes sound and effective risk management and does not encourage risk-taking in a manner inconsistent with the risk policy of the Funds under management.

During the year 2021 the Fund Manager incurred staff expenses of Euro 1.7 million (2020: 1.4 million). Of this amount Euro 1.4 million (2020: 0.8 million) was fixed remuneration and Euro 0.3 million (2020: 0.6 million) was variable.

Of the total remuneration referenced above, Euro 0.5 million (2020: 1.0 million) related to the directors of the Fund Manager. This consists of a fixed remuneration of Euro 0.5 million (2020: 0.6 million) and a variable compensation for the period of Euro 29 thousand (2020: 0.4 million).

2021 (in Euro)	Beneficiaries	Fixed remuneration	Variable remuneration	Total remuneration
Directors	4	489,171	28,628	517,799
Identified staff	12	616,184	197,328	813,512
Other employees	11	287,660	36,594	324,254
Total	27	1,393,015	262,550	1,655,565

2020 (in Euro)	Beneficiaries	Fixed remuneration	Variable remuneration	Total remuneration
Directors	2	601,721	363,500	965,221
Identified staff	1	31,852	73,000	104,852
Other employees	2	190,733	146,000	336,733
Total	5	824,306	582,500	1,406,806

The increase in the number of beneficiaries from 5 to 27 is tied to AIFMD restructuring which effectively combined both the public and private investment teams into one organisation, operating under a single AIFMD license. The remuneration of the staff members as included in this overview is based on an allocation key that proxies the time and effort spend on the respective funds.

10. Other operating expenses

(in Euro)	2021	2020
Advisory costs	212,145	172,418
Supervisory board remuneration	4,859	11,664
Travel, meeting and representation expenses	22,581	31,118
Performance based compensation	-	145,000
Other costs	256,826	237,358
Total other operating expenses	496,411	597,558

11. Cost sharing LSP Operations B.V.

	2021	2020
Cost sharing LSP Operations B.V.	75,706	-

Cost sharing agreement

On 1 January 2008 a cost sharing agreement between LSP Operations B.V., Life Sciences Partners Management B.V., LSP II Management B.V., LSP III Management B.V., LSP IV Management B.V., LSP Bioventures Management B.V. and LSP Advisory B.V. became in effect. Following the split-off of the public activities in 2014, LSP Advisory B.V. ceased to be part of the agreement. Since 2012 LSP Health Economics Fund Management B.V., since 2014 LSP V Management B.V., since 2018 both LSP 6 Management B.V. and LSP HEF 2 Management B.V., since December 2020 LSP Dementia Fund Management B.V. Following the AIFMD restructuring LSP Advisory B.V. (in respect of the LSP 7 fund) is again part of this agreement from July 2021 onwards.

In this agreement it is stipulated that after the share of the costs attributed to LSP Operations B.V., Life Sciences Partners Management B.V., LSP II Management B.V., LSP III Management B.V. and LSP Bioventures Management B.V., the remainder of the costs is shared between LSP IV Management B.V., LSP 6 Management B.V., LSP Health Economics Fund Management B.V., LSP HEF 2 Management B.V., LSP V Management B.V., LSP Dementia Fund Management B.V. based on their average yearly committed capital as well as LSP Advisory B.V. based on the average yearly committed capital of the LSP 7 fund. For 2021 this amounts to EUR 0.9 million.

12. Service fee

(in Euro)	2021	2020
Service fee LSP Operations B.V.	51,300	51,300

From 1 July 2014 onwards LSP Operations B.V. charges a service fee at arm's length conditions to LSP Advisory B.V. for financial and legal services, office automation, service provider management and housing costs. For the year 2021 the total fee charged amounted to € 51 thousand (2020: € 51 thousand).

13. Corporate income tax

LSP Advisory B.V. is part of a fiscal unity with LSP Management Group B.V., which bears the corporate income tax as being the holding company.

14. Related party transactions

LSP Operations B.V. on charges third party expenses to LSP Advisory B.V. for travel costs, office expenses and marketing costs paid. For 2021 the total amount charged is € 5 thousand (2020: € 37 thousand). Furthermore, as detailed in notes 9, 11 and 12, LSP Operations B.V. has charged LSP Advisory B.V. under the secondment agreement, the cost sharing agreement and the services agreement.

15. Post-balance sheet events

In November 2021, LSP and EQT, a leading global investment firm, announced an agreement to acquire LSP in order to strengthen EQT's position as one of the leading and most active investors in the healthcare sector. The transaction was subject to customary closing conditions, including antitrust, regulatory and certain fund investor clearances. The transaction has closed at the end of February 2022. The team, investment process and decision making will not be impacted by the transaction and hence no adverse impact for the Company, the funds and mandates it manages nor its investors is anticipated. Following the acquisition, LSP has been rebranded to EQT Life Sciences. Following the acquisition, LSP has been rebranded to EQT Life Sciences. The management is of the opinion that this transaction does not has a material effect on the financial position of the Company and is furthermore not aware of any events that took place after balance sheet date that could have a material effect on the financial position of the Company.

Amsterdam, 30 June 2022

As Statutory Directors

Mark Wegter

Merijn Klaassen



Independent auditor's report

To: the General Meeting of LSP Advisory B.V.

Report on the audit of the accompanying financial statements

Our opinion

We have audited the financial statements 2021 of LSP Advisory B.V., based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of LSP Advisory B.V. as at 31 December 2021, and of its result for the year 2021 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- 1 the balance sheet as at 31 December 2021;
- 2 the profit and loss account for the year 2021; and
- 3 the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

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

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

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

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information.

Based on the following procedures performed, we conclude that the other information:

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



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

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

The directors are responsible for the preparation of the other information, including the management report, in accordance with Part 9 of Book 2 of the Dutch Civil Code, and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Description of the responsibilities for the financial statements

Responsibilities of the directors for the financial statements

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

As part of the preparation of the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the directors should prepare the financial statements using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The directors should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Management is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud during our audit.

Misstatements can arise from fraud or errors 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 the financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements.

Our audit included:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to errors or fraud, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- concluding on the appropriateness of management's 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 ceasing to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Amstelveen, 30 June 2022

KPMG Accountants N.V.

T. Yildirim RA