LSP Advisory B.V.

Financial report for the year 2023

Document to which the KPMG raport 2951007/24X00193529AVN dated 6 June 2024 also refers.

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Annual report

Directors' report

General

LSP Advisory B.V. (the Company) was incorporated on 3 March 2008. Its purpose is to manage assets in life sciences companies in Europe and the United States. It currently manages the Euronext listed LSP Life Sciences Fund N.V. (the Fund) and the closed-end Private Equity Alternative Investment Funds (AIFs) of EQT Life Sciences. During the reporting period the combined Assets under Management (AuM) have increased from € 973 million to € 1,213 million, a 24.7% increase. This increase was due mainly to deployment of additional capital in the respective AIFs.

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. was 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 in 2021 and is replaced by oversight at the level of the AIFs.

Key Financial Data

In 2023 LSP Advisory B.V. had revenues amounting to € 51.6 million compared to € 49.0 million in the same period prior year. This revenue consists of € 50.5 million management fee from the closed-end Private Equity AIFs and of € 1.1 million from LSP Life Sciences Fund and the client mandates. Operating expenses plus interest expenses for the year amount to € 21.1 million (2022: € 15.7 million) and there is no corporate income tax due (2022: € nil), resulting in a net profit for the year of € 30.5 million (2022: € 33.3 million). Per year end the shareholders' equity amounted € 37.3 million (2022: € 28.8 million) which is well above the solvency requirement as included in the AIFMD. At year-end 2023, the company had cash and cash equivalents of € 31.7 million (2022: € 23.8 million) and solvency ratio ((short-term and long-term debt)/equity) of 0.0 and a current ratio (current assets/current liabilities) of 112. Furthermore, current assets minus current liabilities as of 31 December 2023 amounted to € 37.3 million (2022: € 28.8 million) underscoring the company's solid solvency and liquidity position.

Risk management

The Company 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. Furthermore, the Company annually performs a Systemic Integrity Risk Analysis (SIRA) in which the risks are evaluated against the risk appetite as embodied in its Risk Appetite Statement (RAS). The overall risk appetite of the Company is classified as 'Low' to 'Moderate', with the individual levels of risk tolerance per category ranging from 'Low' (Reputation, Compliance & Integrity & Operational) to 'Moderate' (Strategic and Financial).

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
- Financial instruments 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. For information on the use of financial instruments in relation to risk management, reference is made to note 17 on page 23.

Document to which the KPMG raport 2951007/24X00193529AVN dated 6 June 2024 also refers.

Compliance with law and regulation

To accomplish the ambitions of LSP Advisory B.V. it is the responsibility of the management to execute the activities within the confines (i.e. the letter and the spirit) of applicable laws and regulations, to ensure the business is executed with integrity and is transparent to the different stakeholders. This ensures that the LSP Advisory B.V. can commit to and comply with the legitimate expectations of all stakeholders internally and externally. The compliance function supports the management of the LSP Advisory B.V. with this responsibility. In the compliance risk taxonomy, risks are divided in 4 categories:

1. Client and business partner conduct related integrity risk (Financial Economic Crime); related topics: Money Laundering, Terrorist Financing, Sanctions breaches, External fraud, Corruption (external), Bribery (external) and Customer tax integrity.
2. Product & Services conduct related integrity risk; related topics: Conduct resulting in violation of the regulations for communication & Provision of information, Duty of care, Rules for product transparency and Rules for product development/offerings.
3. Personal conduct related integrity risk (employee integrity); related topics: Individual conflicts of interest, Inappropriate conduct resulting in the violation of the Code of Ethics, Personal investments using Material Non-Public Information (MNPI) and/or personal investments which could cause (the perception of) market abuse, Internal fraud, Corruption (internal) and Bribery (internal).
4. Organizational conduct related integrity risk; relevant topics: Key functions conflicts of interest in governance and/or structure, Inappropriate Outsourcing/outsourced partner behaviour, Market abuse, Inappropriate remuneration, Conduct resulting in the violation of privacy regulations, Conduct resulting in the incomplete and/or not-timely reporting to regulatory bodies and other competent authorities, including any elements related to the licensing and registration.

The compliance function monitors compliance with laws and regulation and reports directly to management. During the year 2023, LSP Advisory B.V.'s risk profile showed no persistent risks at unacceptable levels.

Code of Ethics

The EQT Life Sciences has a Code of Ethics which forms a basis of its Compliance Framework. This Code describes the behavioural standards EQT Life Sciences expects from its employees. All employees must sign the Code at onboarding; by signing the Code they commit to act in accordance with it.

Personnel

During the reporting period the number of employees allocated from the various EQT Partners entities to LSP Advisory B.V. increased from 32 to 35 due to the underlying growth of the business.

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 and data analytics. 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 2023 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 2023 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 year;
- the report provides adequate disclosure of the principal transactions with related parties.

Outlook

For the year 2024, 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 and/or the introduction of new investment products.

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.

Amsterdam, 06 June 2024

Mark Wegter

Merijn Klaassen

René Kuijten

Martijn Kleijwegt

Joachim Rothe

Financial statements

Balance sheet as at 31 December 2023

(Before profit appropriation)

Assets	Note	31 December 2023		31 December 2022	
(in Euro)					
Current assets					
Trade and other receivables	**1**	5,929,427		16,512,035	
Cash and cash equivalents	**2**	31,738,502		23,841,779	
			37,667,929		40,353,814
			37,667,929		40,353,814

Liabilities	Note	31 December 2023		31 December 2022	
(in Euro)					
Equity	**3**				
Issued capital		18,000		18,000	
Share premium		332,000		332,000	
Other reserves		28,449,475		8,571,558	
Result after tax of the year		30,532,892		33,348,189	
Less: interim dividend		(22,000,000)		(13,470,272)	
			37,332,367		28,799,475
Current liabilities					
Accounts payable to suppliers and trade creditors	**4**	12,379		-	
Debts to relating parties	**5**	-		11,362,837	
Taxes and social security premiums	**6**	21,012		36,774	
Accruals and deferred income	**7**	302,171		154,728	
			335,562		11,554,339
			37,667,929		40,353,814

Profit and loss account for the year 2023

		2023		2022	
(in Euro)					
Management fee	**9**	51,181,585		48,952,609	
Performance fee	**10**	405,539		-	
Net turnover			51,587,124		48,952,609
Staff expenses	**11**	122,087		144,269	
Other operating expenses	**12**	355,633		940,067	
Service fee	**14**	20,570,818		14,497,153	
Operating expenses			21,048,538		15,581,489
Operating income (loss)			30,538,586		33,371,120
Interest income		31		-	
Interest expenses		(5,725)		(22,931)	
Financial result			(5,694)		(22,931)
Income before tax			30,532,892		33,348,189
Corporate income tax	**16**		-		-
Result after tax			30,532,892		33,348,189

Cash flow statement for the year 2023

(in Euro)		2023	2022
Cash flow from operating activities			
Operating income (loss)		30,538,586	33,371,120
Net change in operating assets and liablities	**1, 4-7**	(636,169)	3,822,414
Cash flow from business operations		29,902,417	37,193,534
Interest received		31	-
Interest paid		(5,725)	(22,931)
		29,896,723	37,170,603
Cash from financing activities			
Dividend paid to shareholder of the Company	**3**	(22,000,000)	(13,470,272)
		(22,000,000)	(13,470,272)
Net increase (decrease) in cash		7,896,723	23,700,331
Cash at beginning of period		23,841,779	141,448
Cash at end of period		31,738,502	23,841,779

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. Following the acquisition by EQT of LSP which was effectuated on 28 February 2022, LSP Advisory B.V. is 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. The financial information of the company is not included in consolidated financial statements of the parent/ ultimate parent. 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

Financial Reporting period

These financial statements cover the year 2023, which ended at the balance sheet date of 31 December 2023.

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.

Going concern

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

General

An asset is recognised 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.

A liability is recognised in the balance sheet when it is expected that the settlement of an existing obligation will result in an outflow of resources embodying economic benefits and the amount necessary to settle this obligation can be measured reliably.

An asset or liability that is recognised in the balance sheet, remains recognised on the balance sheet if a transaction (with respect to the asset or liability) does not lead to a major change in the economic reality with respect to the asset or liability. Such transactions will not result in the recognition of results.

When assessing whether there is a significant change in the economic circumstances, the economic benefits and risks that are likely to occur in practice are taken into account. The benefits and risks that are not reasonably expected to occur, are not taken in to account in this assessment.

If assets are recognised of which the Company does not have the legal ownership, this fact will be disclosed.

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 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 in the period in which the exchange difference arise.

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 amounts payable. These financial statements contain the following financial instruments: trade and other receivables, cash items and other financial liabilities. The Company does not use derivative financial instruments (derivatives) and/or hold a trading portfolio.

Financial assets and liabilities are recognised in the balance sheet at the moment that the contractual risks or rewards with respect to that financial instrument originate.

Financial instruments are derecognised if a transaction results in a considerable part of the contractual risks or rewards with respect to that financial instrument being transferred to a third party.

Financial instruments (and individual components of financial instruments) are presented in the financial statements in accordance with the economic substance of the contractual terms. Presentation of the financial instruments is based on the individual components of financial instruments as a financial asset, financial liability or equity instrument.

Financial instruments embedded in contracts that are not separated from the host contract are recognised in accordance with the host contract.

Financial instruments are initially measured 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.

Trade and other receivables

Other receivables are carried at amortised cost on the basis of the effective interest method, less impairment losses. The effective interest and impairment losses, if any, are directly recognised in the profit and loss account. Purchases and sales of financial assets that belong to the category loans granted and other receivables are accounted for at the transaction date.

Current liabilities and other financial commitments

Current liabilities and other financial commitments are measured after their initial recognition at amortised cost on the basis of the effective interest rate method. The effective interest is directly recorded in the profit and loss account.

Redemption payments regarding non-current liabilities that are due next year, are presented under current liabilities.

Impairment of financial assets

A financial asset that is not measured at (1) fair value with value changes reflected in the profit and loss account, or at (2) amortised cost or lower market value, is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, with negative impact on the estimated future cash flows of that asset, which can be estimated reliably.

Trade 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.

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.

Cash and cash equivalents

Cash and cash equivalents are measured at nominal value. If cash and cash equivalents are not readily available, this fact is taken into account in the measurement.

Cash and cash equivalents denominated in foreign currencies are translated at the balance sheet date in the functional currency at the spot exchange rate applicable at that date. Reference is made to the accounting policies for foreign currencies.

Cash and cash equivalents that are not readily available to the Company within 12 months are presented under financial fixed assets.

Shareholders' equity

Issued financial instruments that are designated as equity instruments by virtue of the economic reality are presented under shareholders' equity. Payments to holders of these instruments are deducted from the shareholders' equity as part of the profit distribution.

Issued financial instruments that are designated as a financial liability by virtue of the economic reality are presented under liabilities. Interest, dividends, income and expenditure with respect to these financial instruments are recognised in the profit and loss as financial income or expense.

The purchase of own shares is deducted from the other reserves.

Share premium

Amounts contributed by the shareholder(s) of the Company in excess of the nominal share capital, are accounted for as share premium. This also includes additional capital contributions by existing shareholders without the issue of shares or issue of rights to acquire shares of the Company.

Costs and capital taxes associated with the issue of shares that are not capitalized are deducted from share premium, after taken into account tax effects. If the share premium is insufficient for such deductions, the amounts are deducted from retained earnings.

Revenue recognition

Revenue from services rendered is accounted for in operating income at the fair value of the consideration received or receivable, net of allowances and rebates.

Revenues from services rendered are recognised in the profit and loss account when the amount of the revenue can be determined reliably, collection of the related compensation to be received is probable, the extent to which the services have been performed on the balance sheet date can be determined reliably, and the costs already incurred and (possibly) yet to be incurred to complete the service can be determined reliably.

Service fees

Staff expenses of the employees of EQT Life Sciences in the various legal entities and jurisdictions are cross charged to LSP Advisory B.V. on a cost-plus basis with reference to the actual costs incurred during the reporting period by the respective entities.

Taxes

Taxes are calculated on the result, taking into account existing tax facilities. The Company forms a fiscal unity for corporate income tax purposes together with LSP V Management B.V., LSP 6 Management B.V., LSP 7 Management B.V., LSP Health Economic Fund Management B.V., LSP HEF 2 Management B.V. and LSP Dementia Fund Management B.V. EQT Life Sciences Group B.V. is head of the fiscal unity. The head of the fiscal unity bears the entire tax expense.

Interest income and similar income and interest expenses and similar charges

Interest income is recognised in the profit and loss account on an accrual basis, using the effective interest rate method. Interest expenses and similar charges are recognised in the period to which they belong.

Cash flow statement

The cash flow statement is prepared using the indirect method. Cash and cash equivalents include cash and investments that are readily convertible to a known amount of cash without a significant risk of changes in value.

Receipts and payments of interest, receipts of dividends and income taxes are presented within the cash flows from operating activities. Payments of dividends are presented within the cash flows from financing activities.

Determination of fair value

The fair value of a financial instrument is the amount for which an asset can be sold or a liability settled, involving parties who are well informed regarding the matter, willing to enter into a transaction and are independent from each other.

The fair value of non-listed financial instruments is determined by discounting the expected cash flows to their present value, applying a discount rate that is equal to the current risk-free market interest rate for the remaining term, plus credit and liquidity surcharges.

Related parties

Transactions with related parties (note 1) are disclosed if they have not been entered into at arm’s length. Disclosed are the nature and amounts involved with such transactions, and other information that is deemed necessary for an insight into the transactions.

Subsequent events

Events that provide further information on the actual situation at the balance sheet date and that appear before the financial statements are being prepared, are recognised in the financial statements.

Events that provide no information on the actual situation at the balance sheet date are not recognised in the financial statements. When those events are relevant for the economic decisions of users of the financial statements, the nature and the estimated financial effects of the events are disclosed in the financial statements.

Balance sheet as at 31 December 2023

Current Assets

1. Trade and other receivables

	2023	2022
Trade receivables	4,447,167	1,389,112
Receivables from related parties	140,000	9,595,653
Other receivables	821,774	425,272
Prepayments and accrued income	520,486	5,101,998
Total	5,929,427	16,512,035

All trade and other receivables have an estimated maturity shorter than one year.

Trade receivables

The trade receivables consist of a receivable of management fee of € 4.1 million (2022: € 1.1 million) from the closed-end Private Equity AIFs, a receivable of management fee of € 82 thousand (2022: € nil) from LSP Life Sciences Fund N.V. as well as € 12 thousand (2022: € 0.2 million) in connection with the Client Mandates and a receivable for costs paid of € 0.2 million (2022: € 0.1 million).

Receivables from related parties

The receivables from related parties consist of a receivable from EQT Life Sciences Group B.V. of € 0.1 million (2022: € 9.1 million) in relation to funding provided. No interest is charged on accounts receivable from EQT Life Sciences Group B.V.

Other receivables

Other receivables in the amount of € 0.8 million (2022: € 0.4 million) mainly consist of expenses to be crossed charged to the closed-end Private Equity AIFs.

Prepayments and accrued income

Prepayments and accrued income consist of expenses paid in advance of € 2 thousand (2022: € nil) and accrued management fee from LSP Life Sciences Fund N.V. of € 0.5 million (2022: € 0.1 million) as well as accrued management fee from the closed-end Private Equity AIFs of € 27 thousand (2022: € 5.0 million).

2. 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.

3. Equity

(in Euro)	Issued capital	Share premium	Other reserve	Result for the year	Total
Balance as at 31 December 2021	18,000	332,000	1,546,699	7,024,859	8,921,558
Changes during the year					
Transfer of result to reserve			7,024,859	(7,024,859)	-
Interim dividend				(13,470,272)	(13,470,272)
Result for the year				33,348,189	33,348,189
Balance as at 31 December 2022	18,000	332,000	8,571,558	19,877,917	28,799,475
Changes during the year					
Transfer of result to reserve			19,877,917	(19,877,917)	-
Interim dividend				(22,000,000)	(22,000,000)
Result for the period				30,532,892	30,532,892
Balance as at 31 December 2023	18,000	332,000	28,449,475	8,532,892	37,332,367

The interim dividend of € 22.0 million (2022: € 13.5 million) declared and paid out in 2023 has been deducted from result after tax for the year. This corresponds to a dividend per share of € 12.22.

Issued capital

The authorised capital of the Company amounts to € 90,000, divided in 9,000,000 common shares, with a par value of € 0.01, of which 1,800,000 shares have been issued and fully paid.

Unappropriated profit

Proposal for profit appropriation 2023

The Board of Management proposes to the General Meeting to appropriate the profit after tax for 2023 as follows: to pay out an amount of € 22.0 million as dividend and to add the remaining amount of € 8.5 million to the other reserves.

Current liabilities

4. Accounts payable to suppliers and trade creditors

Accounts payable to suppliers and trade creditors consist of the accounts payable to third party suppliers amounting to € 12 thousand (2022: € nil).

5. Debts to relating parties

Debts to related parties was fully paid per the end of the year 2023 (2022: € 11.4 million).

6. Taxes and social security premiums

Taxes and social security premiums consist of VAT payable for the fourth quarter of 2023 of € 21 thousand (2022: € 37 thousand). This liability is due within one year.

7. Accruals and deferred income

Accruals and deferred income consist of accrued performance bonuses due in 2024 of € 0.1 million (2022: € nil) as well as audit fees of € 57 thousand (2022: € 51 thousand) and various expenses made in 2023, which will be paid in 2024 for an amount of € 0.1 million (2022: € 0.1 million). All these liabilities are due within one year.

8. 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 HEF 2 Management B.V., LSP V Management B.V., LSP 6 Management B.V., LSP 7 Management B.V., LSP Dementia Fund Management B.V., EQT Partners Netherlands B.V. and EQT Life Sciences Group B.V. being the head of the fiscal unity. The income tax for the group is payable at group level and only recorded in the financial statements of the head of the fiscal unity. LSP Advisory B.V. is however jointly and severally liable for the aggregate Corporate Tax liability of this group in case EQT Life Sciences Group B.V. does not timely or fully pays the group's taxes.

Income Statement for the year 2023

9. 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 AIFM agreements with the closed-end Private Equity Alternative Investment Funds (AIFs) pursuant to which LSP Advisory B.V. is entitled to receive a management fee for a certain percentage of the committed or invested capital of the LSP funds.

The aggregate management fee for the year 2023 amounted to € 51.2 million (2022: € 49.0 million) of which € 50.7 million (2022: € 48.6 million) was in respect of the private (closed-end) AIFs and € 0.5 million (2022: € 0.4 million) was in respect of the public (open-end) LSP Life Sciences Fund N.V.

10. Performance 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 performance fee of 20% of the increase (if any) in the Net Asset Value per share accrued during the year for each share outstanding at the end of the relevant year, but only to the extent such increase exceeds the hurdle, being the initial issuance price of the Fund (€ 100) plus 8% per annum cumulative and compounded since inception of the Fund. The performance fee is furthermore subject to a perpetual high watermark which means that performance fee shall only be payable if, and to the extent that, the Net Asset Value per share at the end of a year is greater than the highest value of this variable which has been determined at the end of all of the preceding years. The performance fee is calculated and accrues on a daily basis. The performance fee, if any, is payable as per the last valuation day of each calendar year.

The aggregate performance fee for the year 2023 amounts to € 0.4 million (2022: € nil).

11. Staff expenses

(in Euro)	2023	2022
Gross wages and salaries	-	115,826
Social security charges	-	10,809
Pension insurance	-	14,476
Performance based remuneration	121,662	-
Other staff expenses	425	3,158
Total staff expenses	122,087	144,269
FTE at period end	-	-

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.

The Company does not employ personnel itself, but employee costs are allocated from the various EQT Partners entities to LSP Advisory B.V. and invoiced per half year.

12. Other operating expenses

(in Euro)	2023	2022
Advisory costs	433,805	496,253
Travel, meeting and representation expenses	4,360	12,728
Exchange rate gains	(359,380)	-
Other costs	276,848	431,086
Total other operating expenses	355,633	940,067

The exchange rate gain of € 0.4 million relates to the settlement of the intercompany payable to LSP Bioventures Inc.

13. Auditor's remuneration

The following fees were charged by KPMG Accountants N.V. to the company, its subsidiaries and other consolidated companies, as referred to in Section 2:382a (1) and (2) of the Netherlands Civil Code.

	KPMG Accountants N.V.	Other KPMG network	Total KPMG
			31 December 2023
Audit of the financial statements	59	-	59
Other audit engagements	-	-	-
Tax-related advisory services	-	-	-
Other non-audit services	-	-	-
	59	-	59

	KPMG Accountants N.V.	Other KPMG network	Total KPMG
			31 December 2022
Audit of the financial statements	51	-	51
Other audit engagements	-	-	-
Tax-related advisory services	-	-	-
Other non-audit services	-	-	-
	51	-	51

14. Service fee

(in Euro)	2023	2022
Service fee EQT Partners Netherlands B.V.	14,213,000	6,554,280
Service fee EQT Partners Belgium BVBA	1,799,000	446,000
Service fee EQT Partners GmbH	1,549,000	2,004,345
Service fee EQT Partners Inc.	1,591,818	5,147,528
Service fee EQT Partners Limited	1,418,000	345,000
Total service fee	20,570,818	14,497,153

From March 2022 onwards, the staff expenses of the employees of EQT Life Sciences in the various legal entities and jurisdictions are cross charged to LSP Advisory B.V. on a cost-plus basis. For the year 2023 the total fee charged amounted to € 20.6 million (2022: € 14.5 million).

15. Remuneration of managing directors

The emoluments, including pension costs as referred to in Section 2:383(1) of the Dutch Civil Code, charged in the financial year to the Company, its subsidiaries and consolidated other companies amounted to € 2.6 million (2022: € 4.7 million) for the Company’s managing directors.

16. Corporate income tax

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

17. Financial instruments

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 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. Given the nature of its business activities and the composition of its asset and liabilities, these exposures are typically limited. As such, the Company does not apply derivatives to control its risks.

Credit risk

Credit risk arises principally from the Company receivables and cash presented under current assets in the balance sheet. The maximum amount of credit risk that the Company incurs at with a single creditor is € 31.7 million, consisting of its bank balances held at ING Bank N.V., the Netherlands. Per 18 April 2023, FitchRatings issued Long- and Short-Term Issuer Default Ratings (IDRs) to 'AA-' and 'F1+', respectively for ING Bank N.V. with a 'Stable' outlook.

The credit risk of the Company's receivables is concentrated at 17 counterparties for a total amount of € 5.9 million. The highest receivable amounts to € 2.8 million. The exposure mainly consists of receivables from related parties (€ 0.1 million), from LSP Life Sciences Fund (€ 0.6 million) and other receivables from the closed-end Private Equity AIFs (€ 5.1 million) which the Company manages and thus effectively controls the satisfaction of their payment obligation. As such, an amount € 0.1 million relates to receivables with that are either with non-related parties or outside of the control of the Company. The creditworthiness of receivables (in Euro million) can be specified as follows:

Counterparties		2023	2022
A.	New counterparties (relationship 6 months or less)	-	-
B.	Counterparties (relationship > 6 months), without prior credit losses	5.9	16.5
C.	Counterparties (relationship > 6 months), with complete recovery of credit losses	-	-
D.	Counterparties (relationship > 6 months), with recognition of prior credit losses	-	-
Total		5.9	16.5

Document to which the KPMG raport 2951007/24X00193529AVN dated 6 June 2024 also refers.

During the reporting period, the Company did not record any amount in profit or loss as a result of impairments (2022: nil). Furthermore, the Company has not pledged any collateral in connection with its liabilities.

Interest rate risk and cash-flow risk

The Company incurs an interest rate risk on interest bearing assets and liabilities. As per the balance sheet date, the only interest-bearing assets are the bank balances held at ING Bank N.V.

Interest conditions vary over time, but in the current market environment no interest is received on credit balances whilst debit balances are charged at EURIBOR plus a markup. Given the credit balance per period end, in case interest rates as of 31 December 2023 would rise with 1%, leaving all other assumptions constant, interest expenses remain unchanged (2022: unchanged).

Currency risk

The prime source of income of the Company is its management fee revenue from the AIFs it manages. All these management fee agreements are Euro denominated, the functional currency of the Company, and as such these revenues are not exposed the currency risk. The Company does have exposure to currency risk for operating expenses that are denominated in a currency other than the Euro. The currency in which this transaction primarily is denominated is USD.

The net currency position (in Euro million) as of 31 December 2023 is presented below:

	Assets	Liabilities	Net position
USD	0.2	0.0	0.2
Total	0.2	0.0	0.2

The pre-tax result as of 31 December 2023 would be € 23 thousand higher/lower, in case the exchange rate of the Euro against USD would increase/decrease by 10 percent, leaving all other variables constant.

Liquidity risk

The Company 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 operate within the limits of the liquidity (and solvency) requirements as included in the AIFMD regulation. As at period end, the Company's financial obligations and rights only comprise of current assets and current liabilities, both due within one year. As such the net amount of liquidity as per 31 December 2023 equals current assets minus current liabilities and amounts to € 37.3 million. All cash and cash equivalents are available on demand.

Fair value

The fair value of the financial instruments recognised on the balance sheet, including receivables, securities, cash and cash equivalents and current liabilities, is approximately equal to their carrying amount.

18. Post-balance sheet events

Management is 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, 06 June 2024

As Statutory Directors

Mark Wegter	Merijn Klaassen
René Kuijten	Martijn Kleijwegt
Joachim Rothe	

Other information

Statutory regulations as to appropriation of profits

According to article 17 of the Company's Articles of Association, the annual meeting of shareholders determines the appropriation of the Company's net result. The Company may only make payments from the distributable profit to the shareholders and other parties having a profit entitlement in so far as its shareholders' equity exceeds the value of the paid-in portion of the capital augmented by such reserves as required to be maintained, either by law or, in so far as applicable, pursuant to these Articles of Association.

Independent auditor's report

To: the Management of LSP Advisory B.V.

Report on the audit of the accompanying financial statements

Our opinion

We have audited the financial statements 2023 of LSP Advisory B.V. (hereafter: the 'Company'), 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 2023, and of its result for the year 2023 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 2023;

2 the profit and loss account for the year 2023; 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 designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in respect of fraud and non-compliance with laws and regulations and going concern was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

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

Information in support of our opinion

Audit response to the risk of fraud and non-compliance with laws and regulations

In the Directors' report of the annual report, the directors describe the risk of fraud and non-compliance with laws and regulations.

As part of our audit, we have gained insights into the Company and its business environment, and the Company's risk management in relation to fraud and non-compliance. Our procedures included, among other things, assessing the Company's code of conduct, AO/IC Manual, client acceptance policy, risk management policy and its procedures to investigate indications of possible fraud and non-compliance. Furthermore, we performed relevant inquiries with management, Legal Counsel and included correspondence with relevant supervisory authorities and regulators in our evaluation.

We evaluated the fraud and non-compliance risk factors to consider whether those factors indicate a risk of material misstatement in the financial statements.

Further, we rebutted the presumed fraud risk on revenue recognition as the Company only has a limited number of funds and mandates under management and revenue is based on contractual agreements for management fees that are relatively easy to calculate and require limited judgment.

Based on the above and on the auditing standards, we identified the following fraud risks that are relevant to our audit, including the relevant presumed risks laid down in the auditing standards, and responded as follows:

- **Management override of controls (a presumed risk)**

Risk:

Management is in a unique position to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Responses:

— We evaluated the design and the implementation of internal controls that mitigate fraud, such as processes related to journal entries and estimates.

— We performed a data analysis of high-risk journal entries related to manual post-closing entries.

— We incorporated elements of unpredictability, e.g. inspecting legal invoices, in our audit as part of developing our overall audit approach.

We communicated our risk assessment, audit responses and results to management.

Our audit procedures did not reveal indications and/or reasonable suspicion of fraud and non-compliance that are considered material for our audit.

Audit response to going concern

The directors have performed its going concern assessment and noted that the extent of any present and future obligations to third parties is such that these do not affect the Company's ability to meet all its obligations. To assess the directors' assessment, we have performed the following procedures:

— we questioned the directors regarding any indicators of a risk that the Company is not able to meet all its obligations;

— we considered whether the directors' assessment of the going concern risks includes all relevant information of which we are aware as a result of our audit; and

— our analysis of the Company's financial position, financing, and operating results as well as the Company's environment has not identified any going concern risks.

The outcome of our risk assessment procedures did not give any reasons to perform additional audit procedures on the directors' going concern assessment.

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 all the information regarding the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

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 as required by 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 determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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 intends 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.

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 among others:

— 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 those charged with governance 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, 6 June 2024

KPMG Accountants N.V.

T. Yildirim RA