



LSP Life Sciences Fund N.V.

Report on the first half of 2023



LSP LIFE SCIENCES FUND N.V.

(no audit or limited review is performed)

Report on the first half of
2023

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Fund Agent and Administrator

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Custody Bank

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Depositary

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Independent Auditor

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PROFILE

General information

LSP Life Sciences Fund N.V. (the Fund) is a public company with the status of an investment company with variable capital organised and established under the laws of the Netherlands on 18 April 2011. The Fund has its statutory seat in Amsterdam, the Netherlands and is registered at the Trade Register of the Chamber of Commerce in Amsterdam under file number 52545474. The Fund is an open-end investment fund listed on Euronext Amsterdam and its ISIN Code is NL0009756394. The Fund qualifies as a tax-exempt investment fund within the meaning of article 6a of the Dutch corporate income tax act. Accordingly, the Fund is not subject to Dutch corporate income tax.

Investment strategy

The Fund's primary investment objective is to achieve capital appreciation by investing in a diversified, yet concentrated portfolio of publicly listed life sciences companies (including biopharmaceutical, specialist pharmaceutical, medical device, drug delivery, vaccine and diagnostic companies). The majority of the Fund's portfolio will consist of European companies listed on one of the (main) European stock exchanges, with a market capitalization of below Euro 2.5 billion at the time of investment. The Fund Manager believes that in particular this sub-segment of companies – generally referred to as the small- and midcap segment – offers great potential for value growth. Typically, these companies will have developed a suite of innovative technologies that offer benefit over existing technologies and approaches. In addition, these companies have frequently established a product development pipeline that consists of therapeutics that have the potential to offer clinical benefit to a large and/or underserved market. The Fund intends to specifically target those companies that are projected to realize important clinical, regulatory or commercial milestones, value-enhancing partnerships and/or offer M&A potential. By doing so, the Fund expects to benefit from the value increases that frequently accompany the announcement of such milestones, partnerships or M&A transactions.

Fund Governance

The Fund is managed by LSP Advisory B.V. as Alternative Investment Fund Manager (AIFM) and managing director of the Fund. 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.

The Fund Manager is responsible for the entire management of the Fund in accordance with the provisions of the Fund's organizational documents and applicable laws. The core investment team of the Fund Manager consists of two individuals - Mark Wegter and Geraldine O'Keefe – who have complementary investment skills and backgrounds relevant to the Fund's business.

The investment team receives full support from the in-depth industry knowledge of the entire EQT Life Sciences (previously LSP) organization. The Fund Manager is further supported by EQT Life Sciences' established, global

network of advisors and experts who bring specific expertise essential for performing in-depth due diligence on potential and existing investee companies.

The Fund Manager has been granted a license pursuant to Article 2:65 of the Dutch Financial Markets Supervision Act (Wft) by the Netherlands Authority for the Financial Markets 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.

The Supervisory Board of the Fund comprises of Onno Paymans and Maarten Scholten, who both have relevant expertise on the Fund's business. The principal duties and responsibilities of the Supervisory Board include (i) the supervision of the management of the Fund as performed by the Fund Manager as well as to supervise the general course of affairs of the Fund, and (ii) resolving any conflict-of-interest situation the Fund is involved in. The Supervisory Board also serves as the Audit Committee of the Fund.

DIRECTOR'S REPORT

Investment Performance

As per the end of June 2023, the Fund has been operational for over twelve years. As a result of the positive investment performance during the first half year of 2023, the Net Asset Value per share of the LSP Life Sciences Fund increased from Euro 202.26 as at 31 December 2022 to Euro 223.99 (plus 10.7%) as at 30 June 2023. The Fund thus recorded a profit for the period of Euro 3.5 million compared to a loss of Euro 11.0 million in the prior year period. The since inception performance of the Fund as per the end of June 2023 is +124.0% (H1-2022: +56.8%) which equates to an annual return of 6.8% (H1-2022: 4.1%) over the life of the Fund.

As outlined in the prospectus, the Fund aims to provide absolute return for its investors. The Fund Manager is of the opinion that there is no proper benchmark available, which can be used to evaluate the Fund's performance. Therefore, no comparative benchmark data is presented in this report. Importantly, we focus to a lesser extent on short term investment opportunities and remain true to our strategy of building a balanced portfolio with investments that offer upside in the mid- to long term (on average 1 to 2 years). As at 30 June 2023 the value of the portfolio amounted to Euro 31.8 million holding 19 names (year-end 2022: 31.9 million and 18 names).

The portfolio consists exclusively of equity (-derived) positions in listed life sciences companies that jointly provide a balanced - yet concentrated - exposure to the sector. Investments have been spread across clinical stage of development, disease area, geography, field of technology and business model. The majority of the investments in the period were in the area of drug development, combined with investments in innovative diagnostics, medical devices and specialty pharma companies. Equity stakes were predominantly below 5% of the portfolio company's outstanding capital, the exact size depending on company specific factors such as liquidity, market capitalization, timing of expected news flow and long-term outlook. Holding periods consequently varied. The monthly reports of the Fund that are published on the Fund's website lists the top-5 best performing stocks of the respective month.

Alternative Investment Fund Managers Directive

The Fund Manager has implemented the Alternative Investment Fund Managers Directive (AIFMD) that came into force on 22 July 2014. Furthermore, it has appointed CACEIS Bank Netherlands Branch as Depositary for the Fund in accordance with the directive. The Depositary is responsible for the (i) the safekeeping of the Fund's assets, and (ii) the oversight and supervision of the Fund and the management of the Fund by the Fund Manager. The Depositary has delegated its day-to-day custody tasks to CACEIS Bank Netherlands Branch. The depositary remains liable towards the Fund for loss of assets of which the custody has been delegated to CACEIS Bank Netherlands Branch or another third party. The Depositary can only discharge itself from such liability if all the requirements of article 21(13) or 21(14) of the AIFMD are met.

Fund's risk management

The Fund has exposure to market risks, liquidity risk, credit risk, counterparty risk and operational risks, including preservation and legal and tax compliance risks. The Fund Manager applies a comprehensive process based on qualitative and quantitative risk measures to assess the risks of the Fund entailing a standard monitoring process which

consists of pre-defined monitoring items and cycles. The overall exposure of the Fund is calculated by means of the Value-at-Risk (VaR) methodology. Furthermore, the Fund Manager 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 Fund Manager is classified as 'Low' to 'Moderate', with the individual levels of risk tolerance per category ranging from 'Low' (Reputation, Compliance & Integrity and Operational) to 'Moderate' (Strategic and Financial).

Risk factors and risk management

An investment in the Fund involves certain risks and uncertainties relating to the Fund's structure and investment strategy. The Fund has exposure to the following risks from financial instruments:

- Market risk
- Liquidity risk
- Counterparty risk, including settlement risk
- Operational risk, including fraud, preservation and legal and tax compliance risk

The Fund Manager applies a comprehensive process based on qualitative and quantitative risk measures to assess the risks of the Fund entailing a standard monitoring process which consists of pre-defined monitoring items and cycles. The overall exposure of the Fund is calculated by means of the Value-at-Risk (VaR) methodology. The Value-at-Risk methodology provides a measure of the potential loss that could arise over a given time interval under normal market conditions, and at a given confidence level. During the first half of 2023 no risk limits of the Fund have been exceeded nor were they likely to be exceeded.

The Fund Manager has been given a discretionary authority to manage the assets in accordance with the Fund's investment objectives. Compliance with the investment restrictions and the composition of the portfolio is monitored by the Fund Manager on a daily basis.

Market Risk

The prices of financial instruments on the financial markets in general and more specifically the prices of financial instruments in the portfolio can increase or decrease as a result of a multitude of factors like expectations of economic growth, inflation and price movements of goods and foreign currencies. In addition, the value of the portfolio can vary due to, for example, political and monetary developments. Market risks are increased as a result of limiting the geographic scope of the Fund to Europe (and in part to the United States) as well as the Fund's concentrated sector portfolio. The Fund manager distinguishes the following market risks: (i) price volatility, (ii) concentration risk, (iii) foreign currency risk and (iv) interest rate risk, which are discussed in further detail below.

(i) Price volatility

The stock prices of companies involved in the life sciences industry have been and will likely continue to be volatile. Stock prices and their related financial instruments (e.g. warrants) could be subject to wide fluctuations in response to a variety of factors, including the following:

- General market fluctuations (including the parameters used for valuation of warrants);

- Actual or anticipated variations in companies' operating results;
- Announcements of technological innovations by competitors;
- Changes in financial estimates by securities analysts;
- Changes in the market valuations of life sciences companies;
- Legal or regulatory developments affecting companies in the life sciences industry;
- Announcement by life sciences companies or their competitors of significant acquisitions, strategic partnerships, joint ventures or capital commitments; or
- Additions or departures of key personnel.

Many life sciences companies do not or in the future might not have earnings. As a result, the trading prices of life sciences companies may decline substantially, and valuations may not be sustained. Any negative change in the public's perception of the prospects of life sciences companies, generally could depress the stock prices of a particular company regardless of its results. Other broad market and industry factors may decrease the stock price of life sciences stocks, regardless of their operating results. Market fluctuations, as well as general political and economic conditions such as recession or interest rate or currency rate fluctuations, also may decrease the market price of life sciences stocks. Given the investment objective of the Fund and its inherent sector focus, the price volatility risk is in principle not managed by the Fund Manager.

(ii) Concentration risk

The Fund endeavours to create a concentrated portfolio of life sciences investments that are diversified by sub-sector (indication area or technology), geographic location, type of investment (IPOs, rights offerings, follow-on offerings, PIPEs, direct equity offerings, open market transactions, etc.), business model, area of focus, stage of development, etc. in order to achieve a high level of risk diversification. However, subject to the investment restrictions, investments may be weighted to certain indication and/or technologies and in certain geographic markets within Europe. Events that impact a specific investment, a specific sub-sector or a region may have an impact on the Fund's performance. The investment restrictions put an upper limit to the maximum allocation to a single portfolio company. Furthermore, the Fund Manager monitors the concentration levels on a daily basis and will rebalance the portfolio if so required.

(iii) Foreign currency risk

The Fund invests in life sciences companies in various countries. The investments may be dominated in currencies other than Euro and the value of these currencies may fluctuate. Thus, investors in principle will be subject to fluctuations in currency exchange rates. These fluctuations may have a positive or a negative effect on the Net Asset Value. The Fund Manager can make use of a range of financial instruments to (partially) hedge the various currency exposures that result from the portfolio investments.

(iv) Interest rate risk

The Fund has no significant exposure to interest rate risk, since all cash accounts have floating interest rates and the Fund does not hold any fixed income securities.

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities – including redemptions of shares – that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Fund. The Fund Manager actively monitors the maximum possible share redemptions in relation to the Fund's cash position and the level of liquidity of securities in the portfolio and will take corrective action if so required. Such corrective actions can, amongst others, consist of a rebalancing of the portfolio to more liquid investments, sell positions to increase liquidity and in extra-ordinary circumstances temporarily suspend the repurchase (redemptions) of shares of the Fund.

Counterparty risk

The Fund can be subject to the risk of the inability or refusal of dealers, brokers, clearing and payment institutions, custodians, principals or other service providers, issuing entities or other counterparties to its transactions to duly and timely perform under such services or transactions. Any such shortcoming, failure or refusal, whether due to insolvency, bankruptcy or other causes, could subject the Fund to substantial losses. The Fund Manager mitigates these risks by reviewing the creditworthiness and reliability of all service providers and counterparties and only enters into transactions with those parties that the Fund believes to be creditworthy and reliable.

In respect of securities lending transactions, the Fund runs the risk that CACEIS Bank, Netherlands branch as borrower of the securities cannot comply with its obligations to return the securities it borrowed from the Fund on the agreed date or furnish the requested collateral. Investors should take into account that: if CACEIS Bank, Netherlands branch fails to return the securities it borrowed from the Fund, there is a risk that the value of the collateral received may be less than the value of the securities lent to CACEIS Bank, Netherlands branch and delays in returning the securities borrowed from the Fund may have an adverse effect on the Fund's capacity to meet its own obligations in relation to any sales transactions of such securities. Generally, securities lending transactions are entered into to enhance the Fund's overall performance however, an event of failure or default by the borrower may adversely affect the Fund's performance.

Settlement risk

The Fund can be subject to the risk that settlement through a payment system is unable to take place as expected because payment or delivery of the financial instruments is not on time or does not happen at all. The Fund mitigates this risk by conducting most of its settlements through a broker and ensuring that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

Operational risks

Operational risk concerns the risk that the Fund will incur financial losses due to amongst others operational errors, misstatements in financial reporting, negligence and/or fraud. In general, the Fund manages this risk through an adequate administrative organization including segregation of duties and internal controls, which cover these risks.

Fraud risk

The inherent risk of fraud is rated high in our overall risk assessment (SIRA): internal fraud can cause significant financial and reputational damage. To reduce that risk of fraud however, various measures are taken, including

important control measures. Some control measures against operational risk (the four-eyes principle and access verification) also help to combat fraud. In addition, we use specific control measures to reduce the risk of fraud, such as authorization checks and automated segregation of duties in payment systems.

Preservation risk

To safeguard the assets of the Fund, the Fund uses an independent custodian, CACEIS Bank, Netherlands branch. Preservation risk is the risk that the assets of the Fund are lost as a result of, among other things, negligence, insolvency or fraudulent actions of the custodian. To monitor and mitigate this risk, the Fund Manager will periodically review the ISAE 3402 Type II report as received from the custodian to assess whether the relevant administrative organization and internal controls are adequate.

Outsourcing risk

The Fund has outsourced the fund administration and related activities to CACEIS Bank, Netherlands branch. There is the risk that a counterparty will fail to meet its obligations, despite agreements made in contracts. To manage this risk, the Fund Manager employs a system of policies and procedures in relation to this outsourcing that also describe the monitoring of such outsourced activities. In relation to the outsourcing to the fund administrator, monitoring is partly based on assurance reports, such as ISAE 3402 reports, to establish whether the internal risk management of the fund administrator is sufficient. The outsourcing agreements include provisions on liabilities between the Fund and the relevant outsourcing contractor. Furthermore, the Fund is authorised to terminate the fund administration agreement at any time and either outsource the tasks to other qualified parties or perform them itself.

Legal and tax compliance risks

Changes in legal and tax legislation in any of the countries in which the Fund has investments, or changes in tax treaties negotiated by those countries, could adversely affect the returns from the Fund to its investors. The Compliance Officer monitors such (upcoming) changes in the legislative environment and will, in consultation with the Fund's legal and tax advisor, advise the Fund and the Fund Manager on the appropriate course of action. In the event that the Fund no longer complies with the requirements of a tax-exempt investment fund, the Fund might be subject to Dutch corporate income tax. The Fund Manager, in consultation with its tax and legal advisors, monitors compliance with the relevant rules and regulations.

Fund policy regarding voting rights and voting conduct

The Fund Manager will actively exercise, or deliberately refrain from exercising, voting rights attached to the Fund's shares in its portfolio companies. The Fund Manager will determine the manner in which voting rights are being exercised on a case-by-case basis, but at all times in the best interests of the Fund and the investors of the Fund. During the first half of 2023 the Fund Manager has not exercised its voting rights.

Code of Ethics

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. All employees reaffirm their adherence to

the Code of Ethics on an annual basis. The Code can be referenced via <https://eqtgroup.com/eqt-policies-and-statements>.

Going concern

The Manager is not aware of material uncertainties that could give rise to for significant doubts about the going concern of the Fund. The Fund is subject to normal market fluctuations and risks inherent in the investment strategy. The Manager monitors the share issuance and redemption, as well as the liquidity of the investments. The liquidity of the investments is monitored. In the event of a large outflow, the manager of the Fund has the power to (temporarily) suspend redemptions as described in the prospectus. As such, there is no reason to assume that there will be redemptions that affect continuity of the Fund and correspondingly, the financial statements have been prepared on the basis of the going concern assumption.

Human resources

The Fund does not employ any personnel. The management of the Fund is entrusted to the Fund Manager.

Remuneration policy

The management of the Fund is entrusted to the AIFM being LSP Advisory B.V., which in turn makes use of the staff of EQT Partners Netherlands B.V. as operating entity within the EQT Life Sciences group. The remuneration policy is determined at the level of the AIFM. It has implemented the AIFMD regulations regarding remuneration and has adopted 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 AIFM 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 Fund. The remuneration policy is reviewed (at least) on annual basis and will be amended from time to time to remain compliant with applicable regulations and to abide by social norms. The remuneration of the employees consists of a fixed and a variable component. The variable remuneration is linked to the individual performance of the respective staff member as well as the performance of the funds under management, either in the form of carried interest or performance fees.

Sustainable Finance Disclosure Regulation

As of 10 March 2021, the new Sustainable Finance Disclosure Regulation (SFDR) is in effect. The SFDR stems from the European Commission's initiative to promote sustainable investment across the European Union and is part of the EU's 2018 Action Plan on Sustainable Finance. In order to comply with the SFDR, the AIFM has assessed the environmental, social and governance (ESG) related characteristics of the Fund and makes the following disclosures in order to comply with the SFDR:

Integration of sustainability risks (article 6(1) (a) SFDR)

A sustainability risk means "an environmental, social or governance event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of the investment". Before an investment decision is made on behalf of a Fund, the AIFM follows a structured investment decision process as detailed in the Administrative Organization and Internal Control guide of the AIFM. Part of the investment decisions process is that the risk

management function of EQT Life Sciences assesses the risks attached to a potential investment opportunity, which includes sustainability risks. Identified sustainability risks are taken into account by the investment team of the Fund when making investment decisions.

Likely impact of sustainability risks on return (article 6(1) (b) SFDR)

The AIFM has analysed the sustainability risks - including extreme weather events, natural disasters, water crises, spread of infectious diseases and resource scarcity – of the portfolio companies. Mainly based on the geographical location of the portfolio companies and the nature of their development and production processes, the AIFM deems the likely impact of sustainability risk on the return of the Fund to be low.

Fund level disclosures (article 11 SFDR)

For the purposes of article 11 of the SFDR, the AIFM considers that the Fund is a financial product which promotes, among other characteristics, environmental and social characteristics as referred to in article 8 SFDR, and in this respect makes the following disclosures:

Environmental and social characteristics

The Fund promotes reducing society's unmet medical need by investing predominantly in companies that are developing treatments for life threatening diseases or serious debilitating conditions.

Good governance

In the fundamental due diligence process of the Fund the prospective portfolio company is assessed on its practices with respect to good governance. Such good governance practices include (i) a sound management structure with a (supervisory) board that monitors the company's executive management, (ii) an appropriate level of employee ownership and (iii) compliance with national and international tax compliance standards.

How the environmental and social characteristics are met

To determine to what extent this societal characteristic is attained, the Fund aggregates the total number of products that address these unmet medical needs across all its portfolio companies.

Administrative organization and internal controls

The Fund Manager and the Fund have documented the administrative organization and internal controls in accordance with the Dutch Financial Markets Supervision Act (Wft) and the Decree on Market Conduct Supervision of Financial Business (Bgfo). During the reporting period we have reviewed the various aspects of our operations, including the internal and external provision of (financial) information. 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 AIFM of the LSP Life Sciences Fund N.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 director of LSP Life Sciences Fund N.V. confirms to the best of its knowledge that:

- the financial statements for the first half of 2023 have been prepared in accordance with the statutory provisions of Part 9, Book 2 of the Netherlands Civil Code as well as the Dutch Act on Financial Supervision and give a true and fair view of the assets, liabilities and financial position of LSP Life Sciences Fund N.V. as at 30 June 2023 and of its result for the period then ended;
- the report includes a fair review of the key developments of the Fund 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.

Outlook

The fund typically holds 15 -20 conviction buys in the portfolio at any one time. In total, the fund held on average around 18 companies in the first half of 2023, spread across a range of different therapeutic areas and strategies. This is a relatively high-risk sector and not without its setbacks. As is to be expected, not all companies in the portfolio are going to be successful. Still, the LSP Life Sciences Fund continues to invest in and support really exciting medical innovations. Our strategy is to always invest in treatments which can truly make a difference to patients. It has been a busy and productive year for the LSP Life Sciences Fund. We maintained our focus and our strategy and continue to find exciting new investment opportunities and will maintain this focus into the next year. Due to the pandemic, health and healthcare has never been more important to our lives and to the global economy – it is also part of the DNA of EQT Life Sciences. We are 100% focused on finding those companies which have the potential to develop groundbreaking treatments which can truly change the course of disease and change people's lives. We support and nurture companies in whatever way we can in order for these medicines to reach patients. There has never been a more exciting time to invest in healthcare.

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 the first half of 2023 the impact on the Fund's result were relatively limited. This mainly related to instruments that are valued at fair value (such as investments). However, this has not impacted the liquidity nor solvency of the Fund. The director follows developments closely, but it doesn't expect that Covid-19 will have a material negative impact on either the Fund's operations or financial position of the Fund 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 Manager of the Fund is closely monitoring the situation and will take the actions it deems necessary to preserve and protect the interest of the investors of the Fund. This concerns, but is not limited to, ensuring compliance with the requirements of all international sanctions, proactive management of the assets of Fund in order to minimize risks and applying all protective measures and protocols with respect to the heightened cyber threats. Although the Fund does 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 Fund's performance. The Manager of the Fund continues to monitor the developments and evaluate their implications for the Fund.

Amsterdam, 1 September 2023

The director

LSP Advisory B.V.

Mark Wegter

Merijn Klaassen

FINANCIAL STATEMENTS

BALANCE SHEET on 30 June 2023

(in thousands of Euro's, before appropriation of the result)

(no audit or limited review is performed)

	Note ¹	30 June 2023	31 December 2022
Assets			
Investments			
Investments in securities	1	31,693	31,923
Investments in derivatives		59	-
		31,752	31,923
Current assets			
Receivables	2	2	1
Cash and cash equivalents	3	20,987	1,608
		20,989	1,609
Total assets		52,741	33,532
Liabilities and shareholders' equity			
Shareholders' equity			
Issued share capital	4	146	165
Other reserves		29,036	36,648
Unappropriated result		3,522	-3,445
		32,704	33,368
Current liabilities			
Creditors and accrued expenses	5	284	164
Cash accounts		19,753	-
		20,037	164
Total liabilities and shareholders' equity		52,741	33,532
Net Asset Value per share (in Euro's)		223.99	202.26

¹ The numbering of the notes refers to the corresponding 'Notes to balance sheet' from page 23 onwards. The above balance sheet should be read in conjunction with these notes.

PROFIT AND LOSS ACCOUNT for the period 1 January – 30 June 2023

(in thousands of Euro's)
(no audit or limited review is performed)

	Note ²	30 June 2023	30 June 2022
Income from investments			
Income from lending		18	9
Interest income on cash accounts		230	-
		248	9
Realized movements in investments and current assets 6			
Realized movements on securities		3,569	-924
Currency results on cash accounts		499	-1,759
		4,068	-2,683
Unrealized movements in investments and current assets 6			
Unrealized movements on securities		240	-7,793
Unrealized movements on derivatives		59	-
		299	-7,793
Expenses			
Management costs	7	249	223
Depositary costs	8	55	56
Fund operational costs	9	98	97
Interest expenses on cash accounts		691	169
		1,093	545
Taxes	10	-	-
Result for the year		3,522	-11,012

² The numbering of the notes refers to the corresponding 'Notes to the Profit and Loss account' from page 28 onwards. The above profit and loss account should be read in conjunction with these notes.

CASH FLOW STATEMENT for the period 1 January – 30 June 2023

(in thousands of Euro's)

(no audit or limited review is performed)

	30 June 2023	30 June 2022
Cash flows from investment activities		
Net result	3,522	-11,012
Realized movements in investments	-3,569	924
Unrealized movements in investments	-798	9,552
Purchase of investments	-9,939	-5,962
Sale of investments	13,978	3,622
Change in amounts receivable	-1	-
Change in current liabilities	19,872	168
Total cash flows from investment activities	23,065	-2,708
Cash flows from financial activities		
Issue of shares	12	505
Redemption of shares	-4,197	-1,022
Total cash flows from financial activities	-4,185	-517
Currency results on cash accounts	499	-1,759
Net cash flow for the year	19,379	-4,984
Movement in cash and cash equivalents		
Opening balance	1,608	1,665
Closing balance	20,987	-3,319
	19,379	-4,984

SELECTED NOTES TO THE FINANCIAL STATEMENTS

General

LSP Life Sciences Fund N.V. (the Fund) is a public limited liability company with the status of an investment company with variable capital organised and established under the laws of the Netherlands on 18 April 2011. The Fund has its statutory seat in Amsterdam, the Netherlands and is registered at the Trade Register of the Chamber of Commerce in Amsterdam under file number 52545474. The Fund is an open-end investment fund listed on Euronext Amsterdam and its ISIN Code is NL0009756394. The Fund is managed by LSP Advisory B.V. as sole managing director of the Fund.

The purpose of the Fund is to achieve capital appreciation by investing in a diversified, yet concentrated portfolio of publicly listed life sciences companies (including biopharmaceutical, specialist pharmaceutical, medical device, drug delivery, vaccine and diagnostic companies).

The Fund qualifies as a tax-exempt investment fund within the meaning of Article 6a of the Dutch Corporate Income Tax Act. Accordingly, the Fund is not subject to Dutch corporate income tax.

Accounting principles

General

The financial year of the Fund corresponds to the calendar year. This report has been prepared in accordance with generally accepted accounting principles in the Netherlands, and in compliance with the financial reporting requirements included in Part 9, Book 2 of the Netherlands Civil Code and the firm pronouncements in the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving') as well as the Dutch Act on Financial Supervision.

The functional currency of the Fund is Euro and the financial statements are presented in thousands of Euro's except per share data.

Unless specifically specified otherwise the Fund applies the historical cost convention less any value adjustments deemed necessary. Furthermore, the accrual method of accounting has been applied which means that income and expenses are recognised in the period to which they relate rather than the period in which they have been paid or received.

Going concern

The Manager is not aware of material uncertainties that could give rise to for significant doubts about the going concern of the Fund. The Fund is subject to normal market fluctuations and risks inherent in the investment strategy. The Manager monitors the share issuance and redemption, as well as the liquidity of the investments. The liquidity of the investments is monitored. In the event of a large outflow, the manager of the Fund has the power to (temporarily)

suspend redemptions as described in the prospectus. As such, there is no reason to assume that there will be redemptions that affect continuity of the Fund and correspondingly, the financial statements have been prepared on the basis of the going concern assumption.

Comparison with previous year

The valuation principles and method of determining the result are the same as those used in the previous year.

Disclosure of estimates

In applying the principles and policies for preparing the financial statements, the directors of the Fund make different estimates and judgments that may be essential to the amounts disclosed in the financial statements. If it is necessary in order to provide the transparency required under Book 2, article 362, paragraph 1 of the Dutch Civil Code, the nature of these estimates and judgments, including related assumptions, is disclosed in the notes to the relevant financial statement item.

Foreign currency translation

Unless otherwise stated, assets and liabilities denominated in foreign currencies are translated into the Fund's reporting currency at the exchange rates at closing date. Revenues and expenses denominated in foreign currencies are translated into Euro's at rate prevailing at the transaction date. Resulting currency exchange differences are taken into the Profit and Loss account under currency results.

The exchange rates at 30 June 2023, in Euro	
United States Dollar	0.916590
Swedish Crown	0.084859

Asset and Liabilities

Assets and liabilities are generally measured at historical cost, unless otherwise measured in the further principles. 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 Fund and the asset has a cost price or value of which the amount can be measured reliably. Assets that are not recognised in the balance sheet are considered as off-balance sheet assets. 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. Provisions are included in the liabilities of the Fund. Liabilities that are not recognised in the balance sheet are considered as off-balance sheet liabilities.

Investments

Securities

Investments are initially and subsequently measured at fair value. The Fund only has investments in listed securities for which fair value is determined at their closing price on the valuation date on the relevant exchanges. Transaction costs in respect of purchase and sale of investments are included in unrealized and realized movements in investments.

Any realized and unrealized change in value is taken into the Profit and Loss account in the respective reporting period.

Securities lending

Securities of which the legal ownership is transferred for a specific period under a securities lending transaction, continue to be recognized in the Fund's balance sheet during this period, because the economic benefits and costs - in the form of investment income and changes in value - are for the account and risk of the Fund.

The method of accounting of collateral received in connection with securities lending depends on its nature. If collateral is received in the form of securities, this is not recognized in the balance sheet of the Fund, since the economic benefits and disadvantages associated with the collateral are for the account and risk of the counterparty. When collateral is received in the form of cash, it is recognized in the balance sheet of the Fund, because in that case the economic benefits and costs are for the account and risk of the Fund.

Receivables and other assets

Other receivables are initially measured at the fair value of the consideration to be received. Receivables are subsequently measured at the amortised cost price on the basis of the effective interest method, less impairment losses.

Cash and cash equivalents

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

Share premium account

This reserve originates from the issue and redemption of shares over and above their nominal value.

Current liabilities

Current liabilities and other financial commitments are initially measured at the fair value of the consideration to be paid and are subsequently measured at the amortised cost price on the basis of the effective interest rate method.

Profit and Loss account

Income and expenses are accounted for in the period to which they relate.

Accounting principles for determining the result.

The result is the difference between the realisable value of the assets and the costs and other charges during the year. The results on transactions are recognised in the year in which they are realised.

Financial income and expenses

Declared dividends from securities measured at historical cost are recognised as soon as the Fund has received the right to these. Dividends are recognised on an ex-dividend date basis. Dividend income is recognised net of dividend withholding tax as the fund cannot reclaim dividend tax paid from the tax authorities. If the Fund elects to receive a stock dividend in lieu of a cash dividend, an amount equal to dividends not received is included in income. When the

Fund receives a stock dividend when there is no cash alternative, an amount equal to the nominal value of the shares issued is included in income to the extent that such stock dividend is regarded as revenue for Dutch tax purposes.

Interest income and expenses are recognised on a pro rata basis, taking account of the effective interest rate of the assets and liabilities to which they relate. In accounting for interest expenses, the recognised transaction expenses for loans received are taken into consideration.

Exchange differences that arise from the settlement or translation of monetary items are recorded in the profit and loss account in the period in which they occur, unless hedge accounting is applied.

Changes in the value of financial instruments recognised at fair value are recorded in the profit and loss account.

Realized movements in investments and other assets

Realized movements in investments and other assets consist of gains or losses on securities and derivate positions that have been sold during the reporting period.

Unrealized movements in investments and other assets

Unrealized movements in investments and other assets consist of gains or losses on securities and derivate positions that are (still) in the portfolio at the end of the reporting period.

Expenses

Expenses are dealt with on an accrual basis. All expenses are charged to the Profit and Loss account.

Cash Flow statement

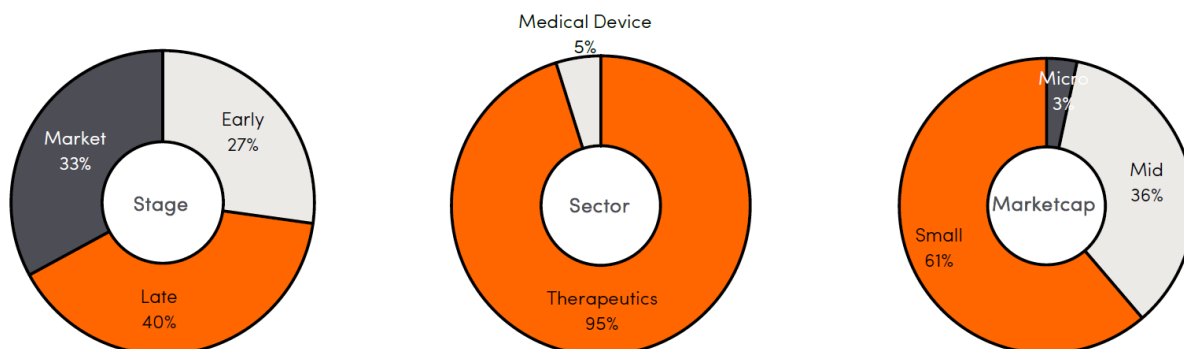
The Cash Flow statement has been prepared using the indirect method. The cash items disclosed in the Cash Flow statement comprise cash at banks and in hand except for deposits with a maturity longer than three months. Cash flows denominated in foreign currencies have been translated at average estimated exchange rates. Exchange differences affecting cash items are shown separately in the Cash Flow statement. Interest paid and received, dividends received are included in cash from investment activities. Dividends paid are recognised as cash used in financing activities. Transactions not resulting in inflow or outflow of cash, are not recognised in the Cash Flow statement.

Notes to balance sheet

1. Investments

	30 June 2023	31 December 2022
Securities		
Market value beginning of period	31,923	36,401
Purchases	9,939	15,496
Sales	-13,978	-18,992
Unrealized price movements	700	-3,065
Unrealized currency movements	-460	-239
Realized price movements	3,959	-172
Realized currency movements	-390	2,494
Market value at end of period	31,693	31,923
Derivatives		
Market value beginning of period	-	-
Unrealized price movements	59	-
Market value at end of period	59	-

The Fund's investments are classified according to stage, subsector and market capitalization. The breakdown of the Fund's portfolio per 30 June 2023 is shown below.



Stage at year end	2023-06	2022-12
Early Stage	27%	24%
Late Stage	40%	49%
Market	33%	37%

Subsector at year end	2023-06	2022-12
Therapeutics	95%	97%
Medical Device	5%	3%
Specialty Pharma	-	-

Marketcap at year end	2023-06	2022-12
Microcap	3%	3%
Smallcap	61%	68%
Midcap	36%	29%

Portfolio breakdown

The below table shows the portfolio breakdown of the Fund per 30 June 2023 grouped per company as a percentage of the total Fund's Net Asset Value.

Company	Stage	Subsector	Marketcap	%
Pharvaris	Late	Therapeutics	Small	12.8%
Calliditas Therapeutics	Late	Therapeutics	Small	11.8%
Evotec	Market	Therapeutics	Mid	9.3%
Autolus Therapeutics	Early	Therapeutics	Small	7.9%
Intra-Cellular Therapeutics	Market	Therapeutics	Mid	7.2%
Merus	Early	Therapeutics	Mid	7.1%
Arrowhead Pharmaceuticals	Early	Therapeutics	Mid	5.9%
Vivoryon Therapeutics	Late	Therapeutics	Small	5.5%
Abivax	Late	Therapeutics	Small	5.1%
Pharming Group	Market	Therapeutics	Small	4.9%
Argenx	Market	Therapeutics	Mid	4.9%
Allogene Therapeutics	Early	Therapeutics	Small	2.4%
Onward Medical	Late	Medical Device	Small	2.4%
Sequana Medical	Market	Medical Device	Micro	2.3%
AC Immune	Early	Therapeutics	Small	2.2%
Cara Therapeutics	Market	Therapeutics	Small	1.7%
Rhythm Pharmaceuticals	Market	Therapeutics	Small	1.6%
Adaptimmune Therapeutics	Late	Therapeutics	Small	1.2%
Achilles Therapeutics	Early	Therapeutics	Micro	0.9%
				97.1%

Derivatives

The Fund might hold derivative positions, typically warrants on listed securities issued to the Fund in connection with a Private Investment in Public Equity (PIPE) transaction of Sequana Medical. At 30 June 2023, the Fund holds one derivative position. The parameters used for the valuation of the non-listed warrants in the portfolio at 30 June 2023 were:

Parameter	Warrant Sequana Medical
Expiration date	27 April 2028
Remaining life	4.83 years
Price of underlying share at value date	EUR 3.26
Exercise price	EUR 5.10
Vesting period	-
Expected dividend yield	0.00%
Expected volatility	55.65%
Rate of yield curve	3.26%

Securities lending

The Fund may make use of securities lending transactions for the purposes of generating additional income. The Fund is permitted to lend securities up to a maximum of 100% of its total assets. Securities lending transactions will only be carried out with CACEIS Bank Netherlands Branch as counterparty which is a reputable financial institution. At 30 June 2023, the Fund has lent out Euro 2,320 thousand of securities (year-end 2022: 258 thousand) and received in return Euro 2,378 thousand of securities as collateral as per below breakdown (year-end 2022: 263 thousand).

Security type	Issuer	Security	Market value
Government bond	France Republic	FR001400BKZ3 OAT 2% 25/11/2032	2,378

2. Receivables

All receivables fall due within one year.

3. Cash and cash equivalents

The cash at banks are held with CACEIS Bank, Netherlands Branch and are available on demand.

Cash account	at 30 June 2023		at 31 December 2022	
	in Local Currency	in Euro	in Local Currency	in Euro
Euro	20,987	20,987	1,608	1,608
Total		20,987		1,608

4. Shareholders' equity

The authorized share capital of the Fund is Euro 1,000,000 and is divided in 1,000,000 shares with a par value of Euro 1.00 each. The number of issued shares at 30 June 2023 amounts to 146,001.

	30 June 2023	31 December 2022
Issued share capital		
Balance at beginning of period	165	171
Issued	0	3
Redemption	-19	-9
Balance at end of the period	146	165
Other reserves		
Balance at beginning of period	36,648	50,976
Result appropriation for previous year	-3,445	-13,295
Issue of shares	12	535
Redemption of shares	-4,179	-1,568
Balance at end of the period	29,036	36,648
Number of issued shares³		
Balance at beginning of period	164,974	170,626
Issued	53	2,854
Redemption	-19,026	-8,506
Balance at end of the period	146,001	164,974
Unappropriated result		
Balance at beginning of period	-3,445	-13,295
Result previous year added to other reserves	3,445	13,295
Result for the period	3,522	-3,445
Balance at end of the period	3,522	-3,445
Number of shares	146,001	164,974
Net Asset Value	32,704	33,368
Net Asset Value per share (in Euro's)	223.99	202.26

5. Current liabilities

	30 June 2023	31 December 2022
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Creditors and accrued expenses

Share redemptions payable to shareholders	33	41
Fund operational costs	166	48
Management fee	84	75
	283	164

³ All issued shares of the Fund have the same economic and voting rights; there are no shares without voting rights and no shares with no or limited economic rights.

The creditors and accrued expenses are payable within one year.

The breakdown of the fund operational costs payable in the amount of Euro 166 thousand is provided below.

Fund administration fee	45	-19
Independent Auditor's remuneration	28	53
Advisory costs	14	8
Other Costs	79	6
	166	48

Cash accounts

The cash accounts on the liability side of the balance sheet comprises of debit balances on the US Dollar and Swedish Crown currency accounts as shown in below table.

Cash account	at 30 June 2023		at 31 December 2022	
	in Local Currency	in Euro	in Local Currency	in Euro
United States Dollar	16,949	15,536	-	-
Swedish Crown	49,700	4,217	-	-
Total		19,753		-

These cash accounts are an integral part of the Fund's currency hedging as further detailed in note 6.

Notes to the Profit and Loss account

6. Realized and unrealized movements in investments and current assets

	30 June 2023	30 June 2022
Realized movements on securities		
Realized gains / losses on securities	3,959	-1,392
Currency results on securities	-390	468
	<hr/> 3,569	<hr/> -924
Total realized movements	3,569	-924
Unrealized movements on securities		
Change in unrealized gains / losses on securities	700	-11,059
Currency results on securities	-460	3,266
	<hr/> 240	<hr/> -7,793
Unrealized movements on derivatives		
Change in unrealized gains / losses on derivatives	59	-
Total unrealized movements	299	-7,793

The realized and unrealized movements are a combination of gains as well as losses. In accordance with the generally accepted accounting principles in the Netherlands these gains and losses have to be reported separately. The below table provides this decomposition.

Realized movements 30 June 2023	Gains	Losses	Total
Securities	5,242	-1,673	3,569
Unrealized movements 30 June 2023	Gains	Losses	Total
Securities	6,324	-6,084	240
Derivatives	59	-	59
	<hr/> 6,383	<hr/> -6,084	<hr/> 299
Realized movements 30 June 2022	Gains	Losses	Total
Securities	800	-1,724	-924
Unrealized movements 30 June 2022	Gains	Losses	Total
Securities	2,335	-10,128	-7,793

Currency results on cash accounts

The Fund makes use of foreign currency cash accounts to (partially) hedge the currency exposure of its investments. During the reporting period the currency results on these cash accounts amounted to a gain of Euro 499 thousand (H1-2022: loss 1,759 thousand), whilst the realized and unrealized currency result of the investments amounted to a loss of Euro 850 thousand (H1-2022: gain 3,734 thousand). The net currency result of the Fund thus amounted to a loss of Euro 351 thousand (H1-2022: gain 1,975 thousand).

7. Management costs

Management Fee

The Fund Manager is entitled to an annual management fee due by the Fund to the Fund Manager 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. The management fee for the year amounts to Euro 249 thousand (H1-2022: 223 thousand).

Performance Fee

The Fund Manager is entitled to receive a performance fee of twenty per cent (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 of 8%. 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 initial issue price of Euro 100.00 per share, plus the 8% hurdle since inception amounted to Euro 265.56 at 30 June 2023. The high watermark is set to the Net Asset Value per share at the end of all preceding years, i.e. Euro 289.07. As the High Watermark exceeds the hurdle, the performance fee calculated with reference to this High Watermark. The Net Asset Value per share – before performance fee – as of period-end was Euro 224.01, and thus below the High Watermark. As such there is no performance fee for the period (H1-2022: nil).

(in Euro per share)	30 June 2023	30 June 2022
Net Asset Value (before performance fee)	224.01	156.78
Hurdle	255.64	236.70
High Watermark	289.07	289.07
Excess performance	-	-
Performance fee (20% of excess performance)	-	-
Number of shares outstanding	146,001	167,833

8. Depositary costs

In connection with the Alternative Investment Fund Manager Directive (AIFMD) that came in force on 22 July 2014, the Fund has appointed CACEIS Bank, Netherlands branch as depositary. The depositary acts in the interest of the investors and is responsible for the safekeeping of the fund's assets and the oversight and supervision of the Fund and the management of the Fund by the Fund Manager. The depositary costs consist of the fees contractually due to the depositary for the provision of its services.

9. Fund operational costs

	30 June 2023	30 June 2022
Fund administration fee and bank fees	32	32
Remuneration of the Supervisory Board	17	17
Independent Auditor's remuneration	23	23
Advisory costs	7	6
Other costs	19	19
	98	97

Fund operational costs include all costs of legal, tax, regulatory, administrative, custody, auditing, reporting and similar services and advice provided to the Fund, the cost of the Fund Agent and Administrator, the costs of supervision of the Fund, all costs incurred in relation to the Fund's Supervisory Board and all costs of communications with and meetings of the investors.

Comparison total expenses with expenses mentioned in the prospectus

	Actual costs	Prospectus
Management fee	249	249
Depositary costs	55	
Fund operational costs	98	} 75
	402	324

The expenses in the Prospectus are based on an average Fund size of Euro 75 million and have been adjusted proportionally to the actual average Fund size in this comparison. In the Prospectus the depositary costs are not mentioned separately but are included in the Fund operational costs.

Employees

The Fund has no employees (2022: nil). The management of the Fund is entrusted to the AIFM being LSP Advisory B.V.

Remuneration of the directors

The directors did not receive any compensation from the Fund during the reporting period (2022: nil).

Remuneration of the Supervisory Board

The total of remuneration for the members of the Supervisory Board for the period amounts to Euro 17 thousand (H1-2022: 17 thousand).

Supervisory Board member	30 June 2023	30 June 2022
Onno Paymans (chair)	10	10
Maarten Scholten	7	7
	17	17

10. Taxes

Given the Fund's status as an exempt investment entity ('Vrijgestelde BeleggingsInstelling' or 'VBI'), no taxes are due on the result.

Risk factors and risk management

An investment in the Fund involves certain risks and uncertainties relating to the Fund's structure and investment strategy. The Fund has exposure to the following risks from financial instruments:

- Market risk
- Liquidity risk
- Counterparty risk, including settlement risk
- Operational risk, including fraud, preservation and legal and tax compliance risk

The Fund Manager applies a comprehensive process based on qualitative and quantitative risk measures to assess the risks of the Fund entailing a standard monitoring process which consists of pre-defined monitoring items and cycles. The overall exposure of the Fund is calculated by means of the Value-at-Risk (VaR) methodology. The Value-at-Risk methodology provides a measure of the potential loss that could arise over a given time interval under normal market conditions, and at a given confidence level. The VaR of the Fund as at 30 June 2023, using a 95% confidence interval and 1-month holding period, was 11.0% of the Net Asset Value and thus below the limit of 20.0%. During the first half of 2023 no risk limits of the Fund have been exceeded nor were they likely to be exceeded.

The Fund Manager has been given a discretionary authority to manage the assets in accordance with the Fund's investment objectives. Compliance with the investment restrictions and the composition of the portfolio is monitored by the Fund Manager on a daily basis.

Market Risk

The prices of financial instruments on the financial markets in general and more specifically the prices of financial instruments in the portfolio can increase or decrease as a result of a multitude of factors like expectations of economic growth, inflation and price movements of goods and foreign currencies. In addition, the value of the portfolio can vary due to, for example, political and monetary developments. Market risks are increased as a result of limiting the geographic scope of the Fund to Europe (and in part to the United States) as well as the Fund's concentrated sector

portfolio. The Fund manager distinguishes the following market risks: (i) price volatility, (ii) concentration risk, (iii) foreign currency risk and (iv) interest rate risk, which are discussed in further detail below.

(i) Price volatility

The stock prices of companies involved in the life sciences industry have been and will likely continue to be volatile. Stock prices and their related financial instruments (e.g. warrants) could be subject to wide fluctuations in response to a variety of factors, including the following:

- General market fluctuations (including the parameters used for valuation of warrants);
- Actual or anticipated variations in companies' operating results;
- Announcements of technological innovations by competitors;
- Changes in financial estimates by securities analysts;
- Changes in the market valuations of life sciences companies;
- Legal or regulatory developments affecting companies in the life sciences industry;
- Announcement by life sciences companies or their competitors of significant acquisitions, strategic partnerships, joint ventures or capital commitments; or
- Additions or departures of key personnel.

Many life sciences companies do not or in the future might not have earnings. As a result, the trading prices of life sciences companies may decline substantially, and valuations may not be sustained. Any negative change in the public's perception of the prospects of life sciences companies, generally could depress the stock prices of a particular company regardless of its results. Other broad market and industry factors may decrease the stock price of life sciences stocks, regardless of their operating results. Market fluctuations, as well as general political and economic conditions such as recession or interest rate or currency rate fluctuations, also may decrease the market price of life sciences stocks. Given the investment objective of the Fund and its inherent sector focus, the price volatility risk is in principle not managed by the Fund Manager.

(ii) Concentration risk

The Fund endeavours to create a concentrated portfolio of life sciences investments that are diversified by sub-sector (indication area or technology), geographic location, type of investment (IPOs, rights offerings, follow-on offerings, PIPEs, direct equity offerings, open market transactions, etc.), business model, area of focus, stage of development, etc. in order to achieve a high level of risk diversification. However, subject to the investment restrictions, investments may be weighted to certain indication and/or technologies and in certain geographic markets within Europe. Events that impact a specific investment, a specific sub-sector or a region may have an impact on the Fund's performance. The investment restrictions put an upper limit to the maximum allocation to a single portfolio company. Furthermore, the Fund Manager monitors the concentration levels on a daily basis and will rebalance the portfolio if so required. As at 30 June 2023 the 5 single largest holdings account for 49% of the Net Asset Value of the Fund (year-end 2022: 51%).

(iii) Foreign currency risk

The Fund invests in life sciences companies in various countries. The investments may be dominated in currencies other than Euro and the value of these currencies may fluctuate. Thus, investors in principle will be subject to

fluctuations in currency exchange rates. These fluctuations may have a positive or a negative effect on the Net Asset Value. The Fund Manager can make use of a range of financial instruments to (partially) hedge the various currency exposures that result from the portfolio investments. During the reporting period the currency risk of the Swedish Crown and United States Dollar was largely hedged by contrary positions on the respective foreign currency cash accounts. Prior to year-end 2022, these offsetting positions were unwound. Early January 2023, the foreign currency hedge was re-established.

Net currency exposure	at 30 June 2023		at 31 December 2022	
	in Local Currency	in Euro	in Local Currency	in Euro
Swedish Crown	45,501	3,861	84,977	7,642
United States Dollar	18,138	16,625	21,852	20,475

(iv) Interest rate risk

The Fund has no significant exposure to interest rate risk, since all cash accounts have floating interest rates and the Fund does not hold any fixed income securities.

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities – including redemptions of shares – that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Fund. The Fund Manager actively monitors the maximum possible share redemptions in relation to the Fund’s cash position and the level of liquidity of securities in the portfolio and will take corrective action if so required. Such corrective actions can, amongst others, consist of a rebalancing of the portfolio to more liquid investments, sell positions to increase liquidity and in extra-ordinary circumstances temporarily suspend the repurchase (redemptions) of shares of the Fund. With respect to the Fund’s liquidity profile at 30 June 2023, 79% of the portfolio value could be liquidated within 1 day under normal market conditions and 70% of the portfolio value could be liquidated within 1 day in case of stressed market conditions.

Counterparty risk

The Fund can be subject to the risk of the inability or refusal of dealers, brokers, clearing and payment institutions, custodians, principals or other service providers, issuing entities or other counterparties to its transactions to duly and timely perform under such services or transactions. Any such shortcoming, failure or refusal, whether due to insolvency, bankruptcy or other causes, could subject the Fund to substantial losses. The Fund Manager mitigates these risks by reviewing the creditworthiness and reliability of all service providers and counterparties and only enters into transactions with those parties that the Fund believes to be creditworthy and reliable. All cash balances, amounting to a net Euro 1,234 thousand as at 30 June 2023 (year-end 2022: 1,608 thousand), are held with the CACEIS Bank, Netherlands branch. The credit ratings of the CACEIS Bank, Netherlands branch is equalized with those of Credit Agricole, CACEIS' ultimate parent. Per 19 October 2022, FitchRatings issued Long- and Short-Term Issuer Default Ratings (IDRs) to 'A+/AA-' and 'F1+', respectively for Credit Agricole.

In respect of securities lending transactions, the Fund runs the risk that CACEIS Bank, Netherlands branch as borrower of the securities cannot comply with its obligations to return the securities it borrowed from the Fund on the agreed date or furnish the requested collateral. Investors should take into account that: if CACEIS Bank, Netherlands branch fails to return the securities it borrowed from the Fund, there is a risk that the value of the collateral received may be less than the value of the securities lent to CACEIS Bank, Netherlands branch and delays in returning the securities borrowed from the Fund may have an adverse effect on the Fund's capacity to meet its own obligations in relation to any sales transactions of such securities. Generally, securities lending transactions are entered into to enhance the Fund's overall performance however, an event of failure or default by the borrower may adversely affect the Fund's performance.

Settlement risk

The Fund can be subject to the risk that settlement through a payment system is unable to take place as expected because payment or delivery of the financial instruments is not on time or does not happen at all. The Fund mitigates this risk by conducting most of its settlements through a broker and ensuring that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

Operational risks

Operational risk concerns the risk that the Fund will incur financial losses due to amongst others operational errors, misstatements in financial reporting, negligence and/or fraud. In general, the Fund manages this risk through an adequate administrative organization including segregation of duties and internal controls, which cover these risks.

Fraud risk

The inherent risk of fraud is rated high in our overall risk assessment (SIRA): internal fraud can cause significant financial and reputational damage. To reduce that risk of fraud however, various measures are taken, including important control measures. Some control measures against operational risk (the four-eyes principle and access verification) also help to combat fraud. In addition, we use specific control measures to reduce the risk of fraud, such as authorization checks and automated segregation of duties in payment systems.

Preservation risk

To safeguard the assets of the Fund, the Fund uses an independent custodian, CACEIS Bank, Netherlands branch. Preservation risk is the risk that the assets of the Fund are lost as a result of, among other things, negligence, insolvency or fraudulent actions of the custodian. To monitor and mitigate this risk, the Fund Manager will periodically review the ISAE 3402 Type II report as received from the custodian to assess whether the relevant administrative organization and internal controls are adequate.

Outsourcing risk

The Fund has outsourced the fund administration and related activities to CACEIS Bank, Netherlands branch. There is the risk that a counterparty will fail to meet its obligations, despite agreements made in contracts. To manage this risk, the Fund Manager employs a system of policies and procedures in relation to this outsourcing that also describe the monitoring of such outsourced activities. In relation to the outsourcing to the fund administrator, monitoring is partly based on assurance reports, such as ISAE 3402 reports, to establish whether the internal risk management of the fund administrator is sufficient. The outsourcing agreements include provisions on liabilities between the Fund and the relevant outsourcing contractor. Furthermore, the Fund is authorised to terminate the fund administration agreement at any time and either outsource the tasks to other qualified parties or perform them itself.

Legal and tax compliance risks

Changes in legal and tax legislation in any of the countries in which the Fund has investments, or changes in tax treaties negotiated by those countries, could adversely affect the returns from the Fund to its investors. The Compliance Officer monitors such (upcoming) changes in the legislative environment and will, in consultation with the Fund's legal and tax advisor, advise the Fund and the Fund Manager on the appropriate course of action. In the event that the Fund no longer complies with the requirements of a tax-exempt investment fund, the Fund might be subject to Dutch corporate income tax. The Fund Manager, in consultation with its tax and legal advisors, monitors compliance with the relevant rules and regulations.

Transactions with related parties

LSP Advisory B.V., the directors and the members of the Supervisory Board qualify as a related party. In the reporting period the Fund Manager received a management fee of Euro 249 thousand (H1-2022: 223 thousand) and a performance fee of nil is due (H1-2022: nil). The directors did not receive any compensation from the Fund during the reporting period. As disclosed in note 9, the members of Supervisory Board received an amount of Euro 17 thousand. Employees of the Fund Manager, EQT Life Sciences or its affiliates participate in the Fund against a market price.

Soft dollar arrangements

The Fund will not enter into arrangements with any party regarding kickback payments. Third parties may in relation to the execution of orders by them on behalf of the Fund provide products and services to the Fund manager. During the reporting period the Fund's transactions were conducted under execution-only arrangements with its brokers and the Fund manager has assessed that it received no soft dollar arrangement during the first half of 2023 (H1-2022: none).

Interests of Management and EQT Life Sciences

The members of the Management and of the Supervisory Board had no interests in securities held by the Fund's portfolio as at 30 June 2023 (2022: no interests).

The members of the Management and of the Supervisory Board participate in the Fund against a market price. These persons own in aggregate 12,801 shares in the Fund (2022: 12,801 shares). The lock-up period as described in the prospectus of the Fund has expired.

Subsequent 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 Fund.

Amsterdam, 1 September 2023

The director

LSP Advisory B.V.

Mark Wegter

Merijn Klaassen

OTHER INFORMATION

Unaudited interim report

No audit or limited review as defined in article 2:393 of the Dutch Civil Code has been performed on the interim report. According to Dutch law an audit or limited review is not required for interim financial information.

Statutory income allocation

According to article 22 of the Articles of Association, the Fund Manager will determine which part of the profit will be retained; the remainder of the profit will be at the disposal of the general meeting of shareholders.

Distributions policy

As the investment objective of the Fund is to achieve capital appreciation, frequent and regular distribution of profits or other net proceeds by the Fund are not intended nor anticipated. All net proceeds will in principle be reinvested and the Fund Manager will exercise its right to add profits of the Fund to the Fund's reserves.

Post-balance sheet events

There were no material post-balance sheet events which have a bearing on the understanding of the financial statements.

STATEMENT OF THE DEPOSITARY

Considering that

- CACEIS Bank, Netherlands branch (“the depositary”) is appointed to act as depositary of LSP Life Sciences Fund N.V. (“the fund”) in accordance with section 21(1) of the Alternative Investment Fund Managers Directive (2011/61/EU) (the “AIFM Directive”);
- Such appointment and the mutual rights and obligations of the fund manager and the depositary of the fund have been agreed upon in the depositary agreement dated 22 July 2014 between such parties, including the schedules to that agreement (the “depositary agreement”);
- The depositary issues this statement exclusively to the fund manager in relation to the activities of the fund manager and relates to the period 1 January 2023 up to and including 30 June 2023, (“the reporting period”).

Responsibilities of the depositary

The depositary acts as a depositary within the meaning of the AIFM Directive and provide its services in accordance with the AIFM Directive, the EU implementing regulation, applicable Dutch laws and regulations and the policy rules issued by the European Securities and Markets Authority and the Dutch Authority for the Financial Markets (the “regulations”). The responsibilities of the depositary have been described in the depositary agreement and include, in addition to the safekeeping, recordkeeping and ownership verification tasks (as defined in article 21(8) AIFM Directive), several monitoring and oversight tasks (as defined in article 21(7) and 21(9) AIFM Directive):

- Monitoring of the fund’s cash flows, including identification of significant and inconsistent cash flows and reconciliation of the cash flows with the fund’s administration;
- Ensuring that the sale, issue, re-purchase, redemption, cancellation and valuation of units or shares of the fund are carried out in accordance with the applicable national law and the fund documentation;
- Ensuring that in transactions involving the fund’s assets any consideration is remitted to the fund within the usual time limits;
- Ensuring that the fund’s income is applied in accordance with the applicable national law and the fund documents;
- Monitoring whether the fund is managed in compliance with the investment restrictions and leverage limits as defined in the fund documentation.

Statement of the Depositary

The depositary has carried out such activities during the reporting period as considered necessary to fulfil its responsibilities as depositary of the fund. The depositary is of the opinion that, based on the information made available to it and the explanations provided by the fund manager, in all material respects, the fund manager has carried out its activities which are in scope of the monitoring and oversight duties of the depositary, in accordance with the regulations and the fund documentation.

Miscellaneous

This statement does not create, and is not intended to create, any right for a person or an entity that is not a party to the depositary agreement.

Amsterdam, 1 September 2023

CACEIS bank, Netherlands branch