



**LSP Advisory B.V.**

Annual Report 2019

**LSP**  
Life Sciences Partners

**LSP Advisory B.V.**

Annual report for the year 2019

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## Directors' report

### General

LSP Advisory B.V. (the Company) was incorporated on 3 March 2008 as an asset manager focussing on investments in publicly listed life sciences companies. It currently manages the Euronext listed LSP Life Sciences Fund N.V. (the Fund) and five client mandates (the Mandates). During the reporting period the combined Assets under Management of the Fund and the Mandates have decreased from € 135.7 million to € 129.5 million, a 4% decrease.

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

### Governance

LSP Advisory B.V. is a wholly owned subsidiary of LSP Advisory Group B.V. It 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.

The Supervisory Board of LSP Advisory B.V. currently comprises of one member. The principal duties and responsibilities of the Supervisory Board include (i) the supervision of the management of LSP Advisory B.V. as well as to supervise the general course of affairs of LSP Advisory B.V., and (ii) resolving any conflict of interest situation LSP Advisory B.V. is involved in.

### Key Financial Data

In 2019 LSP Advisory B.V. had revenues amounting to € 1.6 million compared to € 1.7 million in the prior year. This revenue consists of € 1.6 million management fee (2018: € 1.7 million) and no performance fee (2018: nil). Operating expenses for the year amount to € 1.3 million (2018: € 1.3 million) and there is no corporate income tax (2018: € 1 thousand), resulting in a net profit for the period of € 0.3 million (2018: net profit of € 0.4 million). Per year end 2019 the shareholders' equity amounted € 1.8 million (2018: € 1.5 million) which is well above the solvency requirement as included in the AIFMD. Current assets minus current liabilities as of 31 December 2019 amounted to € 1.8 million (2018: € 1.5 million).

**Risk management**

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

The risk management function is functionally and hierarchically separated from the investment management function. The risk manager has a dotted line to the Supervisory Board and participates in the Supervisory Board meetings. The risk management function is also subject to the independent review of the Supervisory Board to ensure that decisions are being arrived at independently. The risks of LSP Advisory B.V. itself are mainly related to:

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

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

**Personnel**

During the year one staff member left the Company to pursue other interest.

**Investments and financing**

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

**Administrative organization and internal controls**

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

we did not find that the administrative organization and internal controls are ineffective or that they do not operate in accordance with their description.

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

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

- the financial statements for the year 2019 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 2019 and of its result for the period then ended;
- the report includes a fair review of the key developments of the Company during the period and the effects thereof on the annual report, together with the principal risks and uncertainties of upcoming six months;
- the report provides adequate disclosure of the principal transactions with related parties.

### **Recent developments**

Since the beginning of 2020 up until the date of these annual accounts, the Assets under Management have decreased to € 107.9 million (minus 17%), mainly as a result of investment performance.

### **Outlook**

For the year 2020, LSP Advisory B.V. expects to grow its Assets under Management, in line with the ambition to become a sizable player in its market. It is expected that this growth comes from a combination of investment performance as well as through subscription by new investors.

**Disclosure in respect of COVID-19 virus**

Economic expectations and prospects for capital markets have been 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. Stock markets have fallen by more than 20% worldwide and major interest rates have fallen. 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. This will undoubtedly affect the LSP Advisory's financial position and results by 2020 as revenue is directly linked to the value of the Assets under Management. The Director follows developments closely. Given the uncertainties and successive developments, the Director cannot yet provide a reliable estimate of the quantitative impact for LSP Advisory B.V.

**LSP Advisory B.V.**

Mark Wegter

Geraldine O’Keeffe

*Financial statements*

## Balance sheet as at 31 December 2019

(before proposed appropriation of result)

Assets		31 December 2019	31 December 2018
(in Euro)			
<b>Current assets</b>			
Receivables from group companies	1	953,305	739,412
Taxes and social security premiums		-	18,893
Other receivables	2	678,297	627,718
Cash and cash equivalents	3	<u>923,649</u>	<u>652,825</u>
		2,555,251	2,038,848
		<u>2,555,251</u>	<u>2,038,848</u>

Liabilities		31 December 2019	31 December 2018
(in Euro)			
<b>Equity</b>			
	4		
Issued capital		18,000	18,000
Share premium		332,000	332,000
General reserve		1,155,465	794,049
Result for the year		<u>272,242</u>	<u>361,416</u>
		1,777,707	1,505,465
<b>Current liabilities</b>			
Taxes and social security premiums	5	38,640	60,355
Other liabilities	6	<u>738,904</u>	<u>473,028</u>
		776,544	533,383
		<u>2,555,251</u>	<u>2,038,848</u>

## Profit and loss account for the year 2019

	2019		2018	
(in Euro)				
Management fee	<b>8</b>	<u>1,580,459</u>		<u>1,717,729</u>
<b>Operating income</b>		1,580,459		1,717,729
Staff expenses	<b>9</b>	855,289		817,035
Other operating expenses	<b>10</b>	399,962		477,835
Service fee	<b>11</b>	<u>52,800</u>		<u>53,550</u>
<b>Operating expenses</b>		1,308,051		1,348,420
<b>Operating income (loss)</b>		<u>272,408</u>		<u>369,309</u>
Interest income and similar proceeds		<u>(166)</u>		<u>(7,252)</u>
<b>Financial result</b>		(166)		(7,252)
<b>Income before tax</b>		<u>272,242</u>		<u>362,057</u>
<b>Corporate income tax</b>		-		(641)
<b>Net income (loss) for the year</b>		<u>272,242</u>		<u>361,416</u>

## Notes to the financial statements

### General

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

### Principles of accounting

#### Basis of preparation

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

#### Going concern

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

### General

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

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

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

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

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

**Using estimates and judgments**

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

**Foreign exchange translation**

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

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

**Financial instruments**

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

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

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

**Other receivables**

Other receivables are carried at amortised cost on the basis of the effective interest method, less impairment losses.

**Equity**

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

**Current liabilities**

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

**Taxes**

Taxes are calculated on the result, taking into account existing tax facilities. LSP Advisory B.V. is part of a fiscal unity with LSP Advisory Group B.V. being the ultimate holding company. The income tax for the group is payable at group level and only recorded in the financial statements of the mother. Current tax comprises the expected tax payable or recoverable on the taxable profit or loss for the financial year, calculated using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

## Balance sheet as at 31 December 2019

### Current Assets

#### 1. Receivables from group companies

The receivables from group companies consist of a receivable from LSP Advisory Group B.V. of € 1.0 million which is due within one year.

#### 2. Other receivables

Other receivables consist of a receivable from LSP Life Sciences Fund for management fee of € 0.1 million regarding December 2019 and management fee of € 0.2 million in connection with the Client Mandates. Next to this there are receivables from LSP Management Group B.V. of € 0.2 million and from LSP Bioventures Management B.V. of € 0.2 million. All these receivables are due within one year.

#### 3. Cash and cash equivalents

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

**4. Equity**

(in Euro)	Issued capital	Share premium	General reserve	Result for the year	Total
Balance as at 31 December 2017	18,000	332,000	414,041	945,008	1,709,049
Changes during the year					
Transfer of result to reserve			945,008	(945,008)	-
Dividend			(565,000)		(565,000)
Result for the year				361,416	361,416
Balance as at 31 December 2018	18,000	332,000	794,049	361,416	1,505,465
Changes during the year					
Transfer of result to reserve			361,416	(361,416)	-
Result for the year				272,242	272,242
Balance as at 31 December 2019	18,000	332,000	1,155,465	272,242	1,777,707

In the year 2019 the Company paid no dividend to its (sole) shareholder. The year before a dividend in the amount of € 0.6 million was paid to its shareholder.

**Issued capital**

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

**Appropriation of result**

The management proposes to add the net profit for the year 2019 to the general reserve. This proposal has not been included in the financial statements.

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

Taxes and social security premiums consist of VAT payable for the fourth quarter of 2019 of € 39 thousand. This liability is due within one year.

## 6. Other liabilities

Other liabilities consist of various expenses made in 2019, which will be paid in 2020 for an amount of € 0.1 million, a payable to LSP Operations B.V. of € 0.3 million and a payable to LSP Bioventures Inc. of € 0.3 million. All these liabilities are due within one year.

## 7. Off-balance sheet assets and liabilities

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

## Income Statement for the year 2019

### 8. Management fee

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

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

The aggregate management fee for the year 2019 amounts to € 1.6 million (2018: € 1.7 million).

### 9. Staff expenses

(in Euro)	2019	2018
Gross wages and salaries	677,735	613,425
Social security charges	55,048	79,464
Pension insurance	78,647	82,169
Performance based remuneration	40,276	38,394
Other staff expenses	3,583	3,583
Total staff expenses	855,289	817,035
FTE at year end	3.5	4.7

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

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

During the year 2019 LSP Advisory B.V. paid € 0.9 million (2018: € 0.8 million) to its staff members. Of this amount € 0.8 million (2018: € 0.8 million) was fixed remuneration and € 40 thousand (2018: € 38 thousand) was variable.

Of the total remuneration referenced above an amount of € 0.6 million (2018: € 0.6 million) related to the directors of the Fund Manager. This consists of a fixed remuneration of € 0.6 million (2018: € 0.6 million) and a variable compensation for the period of nil (2018: nil).

2019 (in Euro)	Beneficiaries	Fixed remuneration	Variable remuneration	Total remuneration
Directors	2	570,246	-	570,246
Identified staff	1	31,839	12,394	44,233
Other employees	3	212,928	27,882	240,810
<b>Total</b>	<b>6</b>	<b>815,013</b>	<b>40,276</b>	<b>855,289</b>

2018 (in Euro)	Beneficiaries	Fixed remuneration	Variable remuneration	Total remuneration
Directors	3	559,909	-	559,909
Identified staff	1	24,092	12,394	36,486
Other employees	3	194,640	26,000	220,640
<b>Total</b>	<b>7</b>	<b>778,641</b>	<b>38,394</b>	<b>817,035</b>

## 10. Other operating expenses

(in Euro)	2019	2018
Advisory costs	133,361	197,857
Supervisory board remuneration	12,552	10,000
Travel, meeting and representation expenses	22,905	23,945
Other costs	231,144	246,033
<b>Total other operating expenses</b>	<b>399,962</b>	<b>477,835</b>

**11. Service fee**

(in Euro)	2019	2018
Service fee LSP Operations B.V.	52,800	53,550

From 1 July 2014 onwards LSP Operations B.V. charges a service fee at arm's length conditions to LSP Advisory B.V. for financial and legal services, office automation, service provider management and housing costs. For the year 2019 the total fee charged amounted to € 53 thousand (2018: € 54 thousand).

**12. Related party transactions**

LSP Operations B.V. on charges third party expenses to LSP Advisory B.V. for travel costs, office expenses and marketing costs paid. For 2019 the total amount charged is € 40 thousand (2018: € 56 thousand). Furthermore, as detailed in notes 9 and 11, LSP Operations B.V. has charged LSP Advisory B.V. under the secondment agreement and the services agreement.

**13. Post-balance sheet events**

Economic expectations and prospects for capital markets have been 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. Stock markets have fallen by more than 20% worldwide and major interest rates have fallen. 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. This will undoubtedly affect the LSP Advisory's financial position and results by 2020 as revenue is directly linked to the value of the Assets under Management. The Director follows developments closely. Given the uncertainties and successive developments, the Director cannot yet provide a reliable estimate of the quantitative impact for LSP Advisory B.V.

Amsterdam, 8 May 2020

**As Statutory Directors**

Mark Wegter

Geraldine O’Keeffe

**As Supervisory Board member**

Maarten Scholten

## Other information

### **Statutory regulations as to appropriation of profit**

According to Article 21 of the Articles of Association, profit as evidenced by the adopted financial statements shall be at the disposal of the General Meeting of Shareholders.

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

The independent auditor's report is included on the next pages.



## **Independent auditor's report**

To: the General Meeting and the Supervisory Board of LSP Advisory B.V.

### **Report on the accompanying financial statements**

#### ***Our opinion***

We have audited the financial statements 2019 of LSP Advisory B.V. ('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 2019 and of its result for 2019 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 2019;
2. the profit and loss account for 2019; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

#### ***Basis for our opinion***

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

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

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

### **Report on the other information included in the annual report**

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- director's report;
- other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

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

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



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 director's report, in accordance with Part 9 of Book 2 of the Dutch Civil Code, and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

## **Description of the responsibilities for the financial statements**

### ***Responsibilities of the directors and the Supervisory Board for the financial statements***

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

As part of the preparation of the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the directors should prepare the financial statements using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have 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.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

### ***Our responsibilities for the audit of the financial statements***

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

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

Misstatements can arise from fraud or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

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

Our audit included e.g.:

- 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, 8 May 2020

KPMG Accountants N.V.

R. Smeeing RA