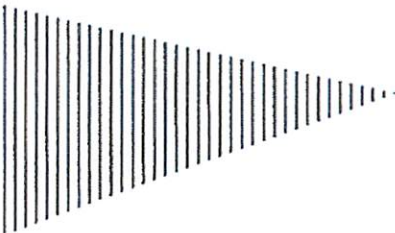


Cardia International A/S

Hersegade 20, 4000 Roskilde

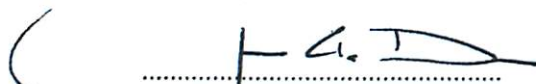
CVR no. 35 81 25 63



Annual report 2015

Approved at the annual general meeting of shareholders on 14 June 2016

Chairman:



.....
Jens Aabye Dam



Building a better
working world



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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Cardia International A/S for the financial year 1 January - 31 December 2015.

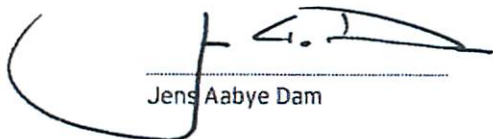
The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of the Company's operations for the financial year 1 January - 31 December 2015.

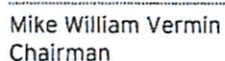
Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Roskilde, 14 June 2016
Executive Board:


Jens Aabye Dam

Board of Directors:


Mike William Vermin
Chairman
Jens Aabye Dam
Joachim Snebang
Vanggaard Jensen

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Cardia International A/S for the financial year 1 January - 31 December 2015.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of the Company's operations for the financial year 1 January - 31 December 2015.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

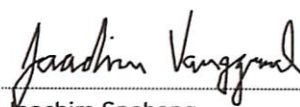
Roskilde, 14 June 2016
Executive Board:

.....
Jens Aabye Dam

Board of Directors:

.....
Mike William Vermin
Chairman

.....
Jens Aabye Dam


.....
Joachim Snebang
Vanggaard Jensen

Independent auditors' report

To the shareholders of Cardia International A/S

Independent auditors' report on the financial statements

We have audited the financial statements of Cardia International A/S for the financial year 1 January - 31 December 2015, which comprise an income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulations. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of financial statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of its operations for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Copenhagen, 14 June 2016
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR No. 30 70 02 28



Lissen Fagerlin Hammer
State Authorised Public Accountant



Peter Andersen
State Authorised Public Accountant

Management's review

Company details

| | |
|----------------------------|--|
| Name | Cardia International A/S |
| Address, Postal code, City | Hersegade 20, 4000 Roskilde |
| CVR No. | 35 81 25 63 |
| Established | 26 March 2014 |
| Registered office | Roskilde |
| Financial year | 1 January - 31 December |
| Board of Directors | Mike William Vermin, Chairman Jens Aabye Dam Joachim Snebang Vanggaard Jensen |
| Executive Board | Jens Aabye Dam |
| Auditors | Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, P O Box 250, 2000 Frederiksberg, Denmark |
| Bankers | Handelsbanken |

Management's review

Operating review

The Company's business review

Cardia International A/S is manufacturing and selling the defibrillator CardiAid.

Financial review

The income statement for 2015 shows a loss of DKK 1,749,975 against a loss of DKK 330,824 last year, and the balance sheet at 31 December 2015 shows equity of DKK 519,201.

In 2015, the company initiated and implemented a number of initiatives to strengthen the company and to prepare the company for significant future growth. The market for the company's products is substantial and growing, and the company has invested a lot of resources and money to prepare the company to meet the high demand from the market. Several of these initiatives have been resource-intensive and costly, but it is actions which the company will take significant advantage of in the future. The main change has been the implementation of a new production partner. The company's products were produced in France but has now moved to a leading factory in Germany. Unfortunately, this move was more costly and resource-intensive than expected, and the implementation was delayed until the 4th quarter of 2015. To ensure a future even more competitive production the company invested in an Annex 2 approval which will make the production cost less and production flow much better.

In 2015, there has been considerable interest in becoming a distributor of the company's products. To meet this interest, there has been invested a lot of resources in building a strong and professional network of leading distributors worldwide. As the company's product is a medical product every start-up in a new country requires considerable costs of registration.

Overall, the result is lower than budget, but it is due to significant investments which will benefit the company in the coming years.

Post balance sheet events

No significant events have occurred subsequent to the financial year.

Outlook

The company expects to realise a significant growth and expects a positive profit.

Financial statements for the period 1 January - 31 December

Income statement

| Note | DKK | 2015 | 2014 |
|------|---|------------|----------|
| | Gross profit | 1,770,523 | 914,350 |
| 2 | Staff costs | -3,194,249 | -705,008 |
| 3 | Amortisation/depreciation and impairment of intangible assets and property, plant and equipment | -611,788 | -402,487 |
| | Operating profit/loss | -2,035,514 | -193,145 |
| | Financial expenses | -202,567 | -178,628 |
| | Profit/loss before tax | -2,238,081 | -371,773 |
| 4 | Tax for the year | 488,106 | 40,949 |
| | Profit/loss for the year | -1,749,975 | -330,824 |
| | | | |
| | Proposed profit appropriation/distribution of loss | | |
| | Retained earnings/accumulated loss | -1,749,975 | -330,824 |
| | | -1,749,975 | -330,824 |

Financial statements for the period 1 January - 31 December

Balance sheet

| Note | DKK | 2015 | 2014 |
|------|--|-------------------------|-------------------------|
| | ASSETS | | |
| | Non-current assets | | |
| 5 | Intangible assets | | |
| | Acquired intangible assets | 620,750 | 127,074 |
| | Goodwill | 1,136,872 | 1,486,681 |
| | | <u>1,757,622</u> | <u>1,613,755</u> |
| 6 | Property, plant and equipment | | |
| | Other fixtures and fittings, tools and equipment | 1,119,565 | 1,254,711 |
| | | <u>1,119,565</u> | <u>1,254,711</u> |
| | Total non-current assets | <u>2,877,187</u> | <u>2,868,466</u> |
| | Current assets | | |
| | Inventories | | |
| | Raw materials and consumables | 532,244 | 1,144,730 |
| | Finished goods and goods for resale | 563,329 | 1,261,289 |
| | | <u>1,095,573</u> | <u>2,406,019</u> |
| | Receivables | | |
| | Trade receivables | 583,368 | 404,011 |
| | Deferred tax assets | 529,055 | 40,949 |
| | Other receivables | 68,221 | 34,540 |
| | Deferred income | 5,791 | 76,827 |
| | | <u>1,186,435</u> | <u>556,327</u> |
| | Cash | <u>184,234</u> | <u>42,503</u> |
| | Total current assets | <u>2,466,242</u> | <u>3,004,849</u> |
| | TOTAL ASSETS | <u><u>5,343,429</u></u> | <u><u>5,873,315</u></u> |

Financial statements for the period 1 January - 31 December

Balance sheet

| Note | DKK | 2015 | 2014 |
|------|--|------------------|------------------|
| | EQUITY AND LIABILITIES | | |
| | Equity | | |
| 7 | Share capital | 500,000 | 500,000 |
| | Retained earnings | 19,201 | 1,769,176 |
| | Total equity | 519,201 | 2,269,176 |
| | Provisions | | |
| | Other provisions | 0 | 372,507 |
| | Total provisions | 0 | 372,507 |
| | Liabilities other than provisions | | |
| 8 | Non-current liabilities other than provisions | | |
| | Bank debt | 1,195,000 | 1,680,773 |
| 9 | Subordinate loan capital | 1,115,835 | 0 |
| | | 2,310,835 | 1,680,773 |
| | Current liabilities other than provisions | | |
| 8 | Current portion of long-term liabilities | 580,000 | 730,000 |
| | Bank debt | 85,411 | 262,914 |
| | Prepayments received from customers | 171,217 | 0 |
| | Trade payables | 1,551,120 | 380,735 |
| | Other payables | 125,645 | 177,210 |
| | | 2,513,393 | 1,550,859 |
| | Total liabilities other than provisions | 4,824,228 | 3,231,632 |
| | TOTAL EQUITY AND LIABILITIES | 5,343,429 | 5,873,315 |
| 1 | Accounting policies | | |
| 10 | Collateral | | |
| 11 | Contractual obligations and contingencies, etc. | | |
| 12 | Related parties | | |

Financial statements for the period 1 January - 31 December

Statement of changes in equity

| DKK | Share capital | Retained earnings | Total |
|----------------------------|---------------|-------------------|------------|
| Equity at 1 January 2015 | 500,000 | 1,769,176 | 2,269,176 |
| Profit/loss for the year | 0 | -1,749,975 | -1,749,975 |
| Equity at 31 December 2015 | 500,000 | 19,201 | 519,201 |

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Cardia International A/S for 2015 has been presented in accordance with the provisions of the Danish Financial Statements Act as regards reporting class B enterprises.

Changes in accounting policies

The financial statements have otherwise been presented in accordance with the same accounting policies as were applied last year. Comparative figures have been restated to reflect the policy change.

Income statement

Revenue

Income from the sale of goods for resale and finished goods is recognised in revenue at the time of delivery and when the risk passes to the buyer, provided that the income can be made up reliably and is expected to be received.

Revenue is measured at fair value of the agreed consideration exclusive of VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, the items 'Revenue', 'Cost of sale', 'Other external expenses' and 'Other operating income' are consolidated into one item designated 'Gross profit'.

Other operating income

Other operating income comprise items of a secondary nature relative to the entity's core activities, including gains or losses on the sale of fixed assets.

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

Other external expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Amortisation/depreciation and impairment of intangible assets and property, plant and equipment

The item comprises amortisation/depreciation and impairment of intangible assets and property, plant and equipment.

Goodwill is amortised over the expected economic life, measured by reference to an assessment of, among other factors, the nature, earnings and market position of the acquired entity as well as the stability of the industry and the dependence on key staff.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives are as follows:

| | |
|--------------------|-----------|
| Acquired IP rights | 3-5 years |
| Goodwill | 5 years |

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives are as follows:

| | |
|--|-----------|
| Other fixtures and fittings, tools and equipment | 5-7 years |
|--|-----------|

The residual value for other fixtures and fittings, tools and equipment are 20%.

Financial expenses

Financial expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Balance sheet

Intangible assets

Goodwill is measured at cost less accumulated amortisation and impairment losses.

Other intangible assets include development projects and other acquired intangible rights, including software licences.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Impairment of fixed assets

Intangible assets, property, plant and equipment and investments in subsidiaries and associates are subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation. Impairment tests are conducted in respect of individual assets or groups of assets generating separate cash flows when there is indications of impairment. The assets are written down to the higher of the value in use and net realisable value (recoverable amount) of the asset or group of assets if this is lower than the carrying amount. As for group of assets, impairment losses are first recognised in respect of goodwill and thereafter proportionately in respect of the other assets.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other costs directly attributable to the acquisition.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value.

An impairment loss is recognised if there is objective indication that a receivable or a group of receivables is impaired. If there is objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Prepayments

Prepayments recognised under 'Assets' comprise prepaid expenses regarding subsequent financial reporting years.

Cash and cash equivalents

Cash comprises cash balances and bank balances.

Provisions

Provisions comprise expected expenses relating to guarantee commitments, losses on work in progress, restructurings, etc. Provisions are recognised when the Company has a legal or constructive obligation as a result of a past event at the balance sheet date and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value.

Payables to credit institutions

Mortgage debt is recognised on the raising of the loan at the proceeds received net of transaction costs incurred. Mortgage debt is subsequently measured at amortised cost, using the effective interest rate method. Borrowing costs, including capital losses, are recognised as financing costs in the income statement over the term of the loan.

Other payables

Other payables are measured at net realisable value.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Subordinate loan capital

Liabilities where the creditors have stated they are willing to subordinate their claim to rank after all the entity's other creditors are presented as subordinate loan capital. Recognition is made according to the same method as applies to liabilities.

| DKK | 2015 | 2014 |
|--|------------------|----------------|
| 2 Staff costs | | |
| Wages/salaries | 3,177,597 | 705,008 |
| Other social security costs | 12,601 | 0 |
| Other staff costs | 4,051 | 0 |
| | <u>3,194,249</u> | <u>705,008</u> |
| 3 Amortisation/depreciation and impairment of intangible assets and property, plant and equipment | | |
| Amortisation of intangible assets | 444,101 | 284,857 |
| Depreciation of property, plant and equipment | 167,687 | 117,630 |
| | <u>611,788</u> | <u>402,487</u> |
| 4 Tax for the year | | |
| Deferred tax adjustments in the year | -488,106 | -40,949 |
| | <u>-488,106</u> | <u>-40,949</u> |

5 Intangible assets

| DKK | Acquired intangible assets | Goodwill | Total |
|--|-------------------------------|------------------|------------------|
| Cost at 1 January 2015 | 149,574 | 1,749,038 | 1,898,612 |
| Additions in the year | 587,968 | 0 | 587,968 |
| Cost at 31 December 2015 | <u>737,542</u> | <u>1,749,038</u> | <u>2,486,580</u> |
| Impairment losses and amortisation at 1 January 2015 | 22,500 | 262,357 | 284,857 |
| Amortisation in the year | 94,292 | 349,809 | 444,101 |
| Impairment losses and amortisation at | <u>116,792</u> | <u>612,166</u> | <u>728,958</u> |
| Carrying amount at 31 December 2015 | <u>620,750</u> | <u>1,136,872</u> | <u>1,757,622</u> |

Financial statements for the period 1 January - 31 December

Notes to the financial statements

6 Property, plant and equipment

| DKK | Other fixtures and fittings, tools and equipment |
|--|--|
| Cost at 1 January 2015 | 1,372,341 |
| Additions in the year | 32,541 |
| Cost at 31 December 2015 | 1,404,882 |
| Impairment losses and depreciation at 1 January 2015 | 117,630 |
| Depreciation in the year | 167,687 |
| Impairment losses and depreciation at 31 December 2015 | 285,317 |
| Carrying amount at 31 December 2015 | 1,119,565 |

| DKK | 2015 | 2014 |
|--|---------|---------|
| 7 Share capital | | |
| The share capital consists of the following: | | |
| 500,000 shares of DKK 1.00 each | 500,000 | 500,000 |
| | 500,000 | 500,000 |

The Company's share capital has been unchanged at DKK 500,000 since the Company was established.

8 Long-term liabilities

| DKK | Total debt at 31/12 2015 | Repayment, next year | Long-term portion | Outstanding debt after 5 years |
|--------------------------|-----------------------------|-------------------------|----------------------|-----------------------------------|
| Bank debt | 1,775,000 | 580,000 | 1,195,000 | 0 |
| Subordinate loan capital | 1,115,835 | 0 | 1,115,835 | 0 |
| | 2,890,835 | 580,000 | 2,310,835 | 0 |

9 Subordinate loan capital

| DKK | Amount outstanding |
|----------------------|-----------------------|
| Jens Dam Holding ApS | 458,928 |
| JV Equity ApS | 478,472 |
| Semiconductor B.V. | 178,435 |
| | 1,115,835 |

The loans are subordinated loans. The subordinated loans will be repaid when cash flow is strong enough.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

10 Collateral

As security for the Company's debt to the bank, the Company has placed assets or other as security at a total value of DKK 2,5000,000. The total carrying amount of the assets of DKK 4,161,617 have been put up as security.

The following assets are included in security:

- Acquired intangible assets
- Goodwill
- Other fixtures and fittings, tools and equipment
- Raw materials and consumables
- Finished goods and goods for resale
- Trade receivables

11 Contractual obligations and contingencies, etc.

Other financial obligations

Cardia International A/S has no other financial liabilities at 31 December 2015.

12 Related parties

Cardia International A/S' related parties comprise the following:

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the votes or minimum 5% of the share capital:

| Name | Domicile |
|----------------------|--|
| Jens Dam Holding ApS | Hersegade 20, Roskilde, Denmark |
| JV Equity ApS | Bangsbovej 32, Vanløse, Denmark |
| Cardia Invest BV | Van der Burchstraat 40, Hoofddorp, The Netherlands |