LBN BidCo ApS

Gugvej 70, 9210 Aalborg SØ

Company reg. no. 42 99 50 61

Annual report

21 January - 31 December 2022

The annual report was submitted and approved by the general meeting on the 13 July 2023.

Kevin Michael Jordan
Chairman of the meeting

Contents

Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points remain unchanged from Danish version of the document. This means that DKK 146.940 corresponds to the English amount of DKK 146,940, and that 23,5 % corresponds to 23.5 %.

Management's statement

Today, the managing director has presented the annual report of LBN BidCo ApS for the financial year 21 January - 31 December 2022.

The annual report has been presented in accordance with the Danish Financial Statements Act.

I consider the accounting policies appropriate and, in my opinion, the financial statements provide a fair presentation of the company’s assets, equity and liabilities, and financial position at 31 December 2022 and of the company’s results of activities in the financial year 21 January – 31 December 2022.

I am of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved at the Annual General Meeting.

Aalborg SØ, 13 July 2023

Managing Director

Kevin Michael Jordan
Director

Independent auditor's report

To the Shareholders of LBN BidCo ApS

Opinion

We have audited the financial statements of LBN BidCo ApS for the financial year 21 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022, and of the results of the Company's operations for the financial year 21 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error 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 these financial statements.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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 error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management’s use of the going concern basis of accounting in preparing the financial statements 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 to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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 deficiencies in internal control that we identify during our audit.

Statement on Management’s Review
Management is responsible for Management’s Review.

Our opinion on the financial statements does not cover Management’s Review, and we do not express any form of assurance conclusion thereon.

Independent auditor's report

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management's Review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management's Review.

Aalborg, 13 July 2023

Redmark
Godkendt Revisionspartnerselskab
Company reg. no. 29 44 27 89

Johny Jensen
State Authorised Public Accountant
mne32798

Company information

The company	LBN BidCo ApS Gugvej 70 9210 Aalborg SØ	
	Company reg. no.	42 99 50 61
	Financial year:	21 January - 31 December
Managing Director	Kevin Michael Jordan, Director	
Auditors	Redmark Godkendt Revisionspartnerselskab Hasseris Bymidte 6 9000 Aalborg	
Parent company	DMPS International Inc	
Subsidiary	LBN Medical ApS, Aalborg	

Financial highlights

DKK in thousands.	2022
Income statement:	
Gross profit	-6.186
Profit from operating activities	-6.186
Net financials	-9.159
Net profit or loss for the year	-14.223
Statement of financial position:	
Balance sheet total	107.119
Equity	14.489
Key figures in %:	
Solvency ratio	13,5
Return on equity	-196,3

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts, only in a few respects deviating from the recommendations.

The financiel highlights solely comprise 1 year as it is the company's first financial year. The financial highlights for 2022 solely comprise the period January 21th to December 31th.

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

Solvency ratio $$\frac{\text{Equity, closing balance x 100}}{\text{Total assets, closing balance}}$$

Return on equity $$\frac{\text{Net profit or loss for the year x 100}}{\text{Average equity}}$$

Management´s review

The principal activities of the company

The company's main activity is investments in group enterprises. The Company are shareholder in LBN Medical ApS which is a worldwide supplier of replacement parts, repairs, and systems for magnetic resonance imaging (MRI), computed tomography (CT), X-ray, and other medical imaging equipment.

Development in activities and financial matters

The annual result shows a negative profit of tDKK 12.120 before income tax.

The total assets amounts to tDKK 107.505 by the end of 2022. Equity amounts to tDKK 11.329, which gives a solvency ratio of 10,5 %.

Due to resources used related to acquisitions within the year the annual result ended up being lower than expected. Although, the annual result is considered as satisfactory.

Expected developments

The company expects that 2023 will have a positive outcome from the ownership of LBN Medical ApS, and therefore the result for 2023 is expected to be better than in 2022.

Financial risks and the use of financial instruments

Foreign currency risks

The groups activities are consequently affected by changes in the exchange rates, with USD as the most significant.

Interest rate risks

The worldwide interest rates has increased remarkably since the company’s acquisition of LBN Medical ApS February 1, 2022. Since the company is granted loans for the acquisition based on LIBOR which develop based on funds market there’s been an increase of interests expenses during 2022. The risk of increases in 2023 will have further impact on next year performance and it’s also expected that the interest expenses increases for the coming financial year.

Events occurring after the end of the financial year

No subsequent events have occurred since 31 December 2022.

Income statement

DKK thousand.

Note		21/1 2022 - 31/12 2022
	Gross profit	**-6.186**
	Income from investments in subsidiaries	-3.931
	Other financial income	1
1	Other financial expenses	-5.229
	Pre-tax net profit or loss	**-15.345**
2	Tax on net profit or loss for the year	1.122
3	**Net profit or loss for the year**	**-14.223**

Balance sheet

DKK thousand.

Note	Assets	31/12 2022
	Non-current assets	
4	Investments in group enterprises	103.569
	Total investments	103.569
	Total non-current assets	**103.569**
	Current assets	
	Income tax receivables	1.595
	Tax receivables from group enterprises	1.926
	Total receivables	3.521
	Cash and cash equivalents	29
	Total current assets	**3.550**
	Total assets	**107.119**

Balance sheet

DKK thousand.

Note	Equity and liabilities	31/12 2022
	Equity	
	Contributed capital	40
	Retained earnings	14.449
	Total equity	**14.489**
	Long term labilities other than provisions	
5	Payables to group enterprises	90.229
	Total long term liabilities other than provisions	90.229
	Payables to group enterprises	2.401
	Total short term liabilities other than provisions	2.401
	Total liabilities other than provisions	**92.630**
	Total equity and liabilities	**107.119**

6 Charges and security

7 Contingencies

8 Related parties

Statement of changes in equity

DKK thousand.

	Contributed capital	Retained earnings	Total
Equity 21 January 2022	40	0	40
Retained earnings for the year	0	-14.223	-14.223
Group subsidy	0	28.672	28.672
	40	**14.449**	**14.489**

Notes

DKK thousand.

		21/1 2022 - 31/12 2022
1.	**Other financial expenses**	
	Financial costs, group enterprises	5.229
		5.229
2.	**Tax on net profit or loss for the year**	
	Tax on net profit or loss for the year	-1.122
		-1.122
3.	**Proposed distribution of net profit**	
	Allocated from retained earnings	-14.223
	Total allocations and transfers	**-14.223**

Notes

DKK thousand.

		31/12 2022
4.	**Investments in group enterprises**	
	Cost 21 January 2022	0
	Additions during the year	107.500
	Cost 31 December 2022	**107.500**
	Revaluations, opening balance 21 January 2022	0
	Net profit or loss for the year before amortisation of goodwill	3.435
	Revaluation 31 December 2022	**3.435**
	Amortisation of goodwill, opening balance 21 January 2022	0
	Amortisation of goodwill for the year	-7.366
	Depreciation on goodwill 31 December 2022	**-7.366**
	Carrying amount, 31 December 2022	**103.569**
	The item includes goodwill and trade mark with an amount of	79.363
	Goodwill and trade mark is recognised under the item "Additions during the year" with an amount of	88.160

Financial highlights for the enterprises according to the latest approved annual reports

DKK in thousands	Equity interest	Equity	Results for the year	Carrying amount, LBN BidCo ApS
LBN Medical ApS, Aalborg	100 %	24.206	7.550	103.568
		24.206	**7.550**	**103.568**

5.	**Payables to group enterprises**	
	Total payables to group enterprises	90.229
	Share of amount due within 1 year	0
	Total payables to group enterprises	**90.229**
	Share of liabilities due after 5 years	0

Notes

DKK thousand.

6. Charges and security

There are no charges and security.

7. Contingencies

Joint taxation

The company acts as administration company for the group of companies subject to the Danish scheme of joint taxation and is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, to pay the total corporation tax.

The total tax payable under the joint taxation scheme totals DKK 0.

Any subsequent adjustments of corporate taxes or withholding taxes, etc., may result in changes in the company's liabilities.

8. Related parties

Controlling interest

Directmed Parts & Service Holdings, LLC, 12525 Stowe Drive, Poway CA 92064, USA	Majority shareholder

Transactions

Related party transaktions are not disclosed, as all transactions are entered into the ordinary course of business at arms' length.

Consolidated financial statements

In accordance with § 112 subsection 1, LBN Bidco ApS has not prepared consolidated accounts as the company is included in the consolidated accounts for Directmed Parts & Service Holdings, LLC. The annual report for DirectMed Parts & Service Holding, LLC can be requested by contacting the company.

Accounting policies

The annual report for LBN BidCo ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (medium sized enterprises).

The annual report is presented in DKK. The annual report comprises the first financial year and hence comparative figures are not available.

No consolidated financial statements have been prepared pursuant to section 112 (1) of the Danish Financial Statements Act. The financial statements of LBN BidCo ApS and its group enterprises are included in the consolidated financial statements for DirectMed Parts & Service Acquisition, LLC, California, reg. no. 87-1365241.

Pursuant to section 86 (4) of the Danish Financial Statements Act, no statement of cash flows for the enterprise has been prepared, as the relevant information is included in the consolidated financial statements of DirectMed Parts & Service Acquisition, LLC.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Business combinations

Acquisitions completed by the 1 July 2018 or later (method of consolidation)

Acquisition of group enterprises are dealt with in accordance with the acquisition method, and afterwards the assets and liabilities of the acquired entity are measured at fair value at the date of acquisition. If it is possible to measure the value reliably, acquired contingent liabilities are measured at fair value under the item Equity investments in group enterprises.

The date of acquisition is the date when control of the acquired entity is obtained.

The cost of the acquired entity represents the fair value of the consideration agreed upon, including the considerations that are conditional on future events. Transaction costs directly attributable to the acquisition of group enterprises are recognised in the income statement as incurred.

Positive differences between the cost of the acquired entity and the identified assets and liabilities are recognised in the equity investment as goodwill and trade names, which is amortised on a straight-line basis in the income statement over the expected useful life. Amortisation of goodwill is allocated to the functions to which the goodwill relates. If the difference is negative, this is recognised immediately in the income statement.

If the allocation of the purchase price is not final, positive and negative differences from acquired group enterprises may, as a result of changes in recognition and measurement of the identified net assets, be adjusted up to 12 months from the date of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including depreciation already made.

If the cost includes contingent considerations, these are measured at fair value at the date of acquisition. Subsequently, contingent considerations at fair value are measured again. Value adjustments are recognised in the income statement.

In case of step-by-step acquisitions, the value of the hitherto equity holding in the acquired entity is measured again at the fair value at the date of acquisition. The difference between the carrying amount of the hitherto equity investment and the fair value is recognised in the income statement.

Income statement

Gross loss

Gross loss comprises external costs.

Other external costs comprise costs incurred for administration.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, debt and transactions in foreign currency, as well as surcharges and reimbursements under the advance tax scheme, etc.

Results from equity investments in subsidiaries

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the equity investment in the individual group enterprises are recognised in the income statement as a proportional share of the group enterprises' post-tax profit or loss.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises. The company acts as an administration company in relation to the joint taxation. This means that the total Danish tax payable by the Danish consolidated companies is paid to the tax authorities by the company.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Investments

Investments in subsidiaries

Investments in subsidiaries are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Investments in subsidiaries are recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

Accounting policies

Consolidated goodwill and trade names is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. Consolidated goodwill and trade names is amortised on a straight-line basis over the amortisation period, which represent 10 years for goodwill and 5 years for trade names. The depreciation period is determined on the basis of an assessment that these are strategically acquired enterpriseswith a strong market position and a long-term earnings profile.

In relation to material assets and liabilities recognised in subsidiaries but are not represented in the parent, the following accounting policies have been applied.

Property, plant, and equipment:

- Property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment.

Inventories:

- Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Receivables:

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

To the extent the equity exceeds the cost, the net revaluation of equity investments in subsidiaries transferred to the reserve under equity for net revaluation according to the equity method. Dividends from subsidiaries expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in subsidiaries.

Newly acquired or newly established companies are recognised in the financial statement as of the time of acquisition. Sold or liquidated companies are recognised until the date of disposal.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank.

Income tax and deferred tax

As administration company, LBN BidCo ApS is liable to the tax authorities for the subsidiaries' corporate income taxes.

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Accounting policies

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as ”Tax receivables from group enterprises" or "Income tax payable to group enterprises"

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.