ABS-Prospectus
dated July 19, 2019
for the public offering of
Profit and Loss Participating Certificates
("Notes")
of
Endoscopy Innovations Invest GmbH & Co. KG,
Hannover, Germany
("Issuer")
in an amount of up to
EUR 5,000,000.00
tracking a shareholding
to be acquired by the Issuer in
Surge-on Medical B.V.,
Delft, the Netherlands
("Target")

This prospectus (the "Prospectus") has been drawn up in accordance with Annexes VII, VIII, XII, XXV, and XXX of Commission Regulation (EC) No. 809/2004, as amended (the "Prospectus Regulation") and has been approved by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin") in its capacity as competent authority under the German Securities Prospectus Act (Wertpapierprospektgesetz), as amended (the "WpPG") for the approval of this Prospectus.

The information disclosed in this Prospectus being correct and/or accurate is not subject to the examination of the Prospectus by the BaFin. The BaFin has examined this Prospectus only in respect of its completeness, coherence and comprehensibility pursuant to Section 13 WpPG.

The Issuer has requested BaFin to provide the competent authorities of Austria, Denmark, the Netherlands, Sweden and the UK with a certificate of approval attesting that this Prospectus has been drawn up in accordance with Article 5(4) of the Prospectus Directive and the WpPG (regarding each host Member State a "Notification"). The Issuer may from time to time request the BaFin to provide to competent authorities of Member States of the European Economic Area ("EEA") further notifications concerning the approval of this Prospectus.
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A. SUMMARY

1. English version of the summary

Summaries are made up of disclosure requirements known as elements ("Elements"). These Elements are numbered in Sections A – E (A.1 – E.7). This summary contains all the Elements required to be included in a summary for this type of security and issuer. Due to the fact that some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of security and issuer, it is possible that no relevant information can be given regarding the Element. In such cases, the summary includes a short description of the Element with the words "not applicable".

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</tr>
</thead>
<tbody>
<tr>
<td>A.1 Warnings</td>
</tr>
<tr>
<td>This summary should be read as an introduction to this prospectus (the &quot;Prospectus&quot;). Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the member state of the European Union (&quot;Member State&quot;), have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>A.2 Information regarding the subsequent use of the Prospectus.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The issuer, Endoscopy Innovations Invest GmbH &amp; Co. KG (the &quot;Issuer&quot;) has given its consent to the use of this Prospectus by BN &amp; Partners Capital AG (&quot;Placement Agent&quot;) and its tied agent aescuvest international GmbH (&quot;Tied Agent&quot; or &quot;Platform Operator&quot;). The consent given to the Placement Agent and its Tied Agent is valid for 12 months from the date of approval of the Prospectus. The Issuer has not given its consent to the use of this Prospectus to any other financial intermediary or any other third party. During the offer period from July 22, 2019 to July 19, 2020 a final placement of securities by these financial intermediaries can be made. The Issuer has not appointed any other placement agent nor any underwriter nor any other financial intermediary for the placement or distribution of the Notes. The consent is not subject to any other objective conditions. aescuvest international GmbH acting as Tied Agent of the Placement Agent and the Placement Agent itself will provide information to investors on the terms and conditions of the offer at the time the offer is made on the website operated by the Tied Agent <a href="http://www.aescuvest.eu">www.aescuvest.eu</a>. For purposes of the offering of the Notes by the Issuer, the Issuer intends to have this Prospectus notified to the competent authorities in accordance with the Prospectus Directive into the following countries: Austria, Denmark, Germany, the Netherlands, Sweden and the UK. In these states the Tied Agent as well as the Placement Agent may use the Prospectus for final placement.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>B.1 Legal and commercial name.</td>
</tr>
<tr>
<td>The issuer's legal name is Endoscopy Innovations Invest GmbH &amp; Co. KG. The commercial name of the Issuer is &quot;Endoscopy Innovations Invest&quot;.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>B.2 Domicile, legal form, legislation under which the Issuer operates, country of incorporation.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The registered office of the Issuer is Brüsseler Straße 7, 30539 Hannover, Germany. The legal form of the Issuer is a German limited commercial partnership (Kommanditgesellschaft – &quot;KG&quot;), consisting of a general partner (which is organized as a limited liability company – Gesellschaft mit beschränkter Haftung – &quot;GmbH&quot;) and a limited partner likewise organized as a GmbH. The Issuer operates under the laws of the Federal Republic of Germany, applicable European laws, and, to the extent applicable, in accordance with international conventions. The Issuer was incorporated in and according to the laws of Germany.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>B.16 Control over</th>
</tr>
</thead>
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<tr>
<td>The Issuer has two shareholders. G4B Hannover Beteiligungsverwaltung GmbH, Brüsseler Straße</td>
</tr>
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Issuer.

7, 30539 Hannover, Germany (the "Participation Holder") is the Issuer’s only limited partner, holding all partnership interest in the Issuer. G4B Hannover Invest Management GmbH, Brüsseler Straße 7, 30539 Hannover, Germany (the "Issuer’s Manager") is the Issuer’s only general partner. The Issuer’s Manager is a shareholder of the Issuer, but does not hold a partnership interest in the Issuer.

Furthermore, the Participation Holder is the only shareholder of the Issuer’s Manager. Thus, the Participation Holder controls the Issuer (right to issue instructions to the Issuer’s management).

B.20 Establishment of Issuer.

The Issuer has been established on November 23, 2018 as a special purpose vehicle for the purpose of issuing asset backed securities.

B.21 Issuer’s principal activities, global overview of parties, ownership and control.

The Issuer is a special purpose vehicle. It was established for the purpose of obtaining an equity shareholding in the Target (the "Target Shareholding") and issuing the Notes (asset backed securities).

The purpose of the Issuer as a company is solely to perform a securitization and other activities suitable for this purpose (securitization special purpose vehicle) as well as to hold and manage the shareholding in the Target. The only securitized asset is the shareholding in the Target. Other (business) activities are excluded, as is raising debt capital. Since the date of its incorporation, the Issuer has not commenced operations. The Issuer will not expand its current scope of operations.

Parties to the securitization program are:

- **the Target**: Surge-on Medical B.V. (Rotterdamseweg 183 C, 2629HD Delft, the Netherlands) (originator of the securitized asset, the Target Shareholding)
- **the Issuer**: Endoscopy Innovations Invest GmbH & Co. KG (Brüsseler Straße 7, 30539 Hannover, Germany)
- **the Issuer’s Manager**: G4B Hannover Invest Management GmbH (Brüsseler Straße 7, 30539 Hannover, Germany)
- **the Participation Holder**: G4B Hannover Beteiligungsverwaltung GmbH (Brüsseler Straße 7, 30539 Hannover, Germany)
- **the Noteholders**: investors purchasing the Notes

The Participation Holder is the Issuer’s only limited partner and holds all partnership interest in the Issuer. Furthermore, the Participation Holder is the only shareholder of the Issuer’s only general partner, the Issuer’s Manager. Thus, the Participation Holder controls the Issuer. Apart from that, all parties to the securitization program are independent. Further, all parties to the securitization program are independent from the Placement Agent and the Platform Operator as well as the Placement Agent and the Platform Operator are independent from each other.

B.22 Commencement of operations, financial statements.

*Not applicable.* Since the date of its incorporation, the Issuer has not commenced operations. The issuer has prepared audited financial Statements for the short fiscal year 2018.

B.23 Selected historical key financial information.

The table below sets out summary information extracted from the Issuer’s audited financial statements as at December 31, 2018 (the "Issuer’s Financial Statements").

<table>
<thead>
<tr>
<th>Balance Sheet</th>
<th>31 December 2018 (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Assets</td>
<td></td>
</tr>
<tr>
<td>Receivables and other assets</td>
<td>0.04</td>
</tr>
<tr>
<td>Cash at bank and in hand</td>
<td>99.76</td>
</tr>
<tr>
<td>Share of loss of limited partner not covered by capital contributions</td>
<td>1,350.20</td>
</tr>
<tr>
<td>Equity and liabilities</td>
<td>1,450</td>
</tr>
<tr>
<td>Other provisions</td>
<td>1,450</td>
</tr>
</tbody>
</table>

Profit and loss statement | 23 Nov. – 31 Dec. 2018 |
| B.24 | Material adverse change. | Since the balance sheet date of the Issuer’s most recent audited annual financial statements (December 31, 2018), there has been no material adverse change in the prospects of the Issuer. |
| B.25 | Description of underlying assets. | The underlying assets consist solely in an equity shareholding in the Target (the Target Shareholding). The legal nature of the Target Shareholding will be newly-issued common shares in the Target governed by Dutch law. The Issuer obtains a formal shareholder position in the Target.  
The Target Surge-on Medical B.V., Delft, the Netherlands, is a private limited liability company established under Dutch law. It was founded in 2015 with the aim of providing innovative surgical tools that optimize and expand the performance of the surgeon to enhance the quality of care for the patient. The Target develops steerable, detachable and cleanable surgical instruments.  
The Noteholders have no claim to interest or repayment of the invested amount. All payment obligations under the Notes constitute solely obligations to either distribute amounts out of the Issuer’s profits or to repay the nominal amount net of possible losses allocated to the Noteholders. Even in the event of a termination of the Notes, Noteholders will only receive the amount which is attributable to the Notes held by them after profit and loss allocation and after deduction of possible profit participation due to the Platform Operator (Carried Interest). Profits of the Issuer can only be generated from income from distributions of profit by the Target or from a possible sale of the Target Shareholding. Therefore, the Target Shareholding – being the securitized asset backing the issue – has characteristics that demonstrate capacity to produce funds to service any payments due and payable on the Notes.  
The Issuer is not allowed to take on debt. |
| B.26 | Actively managed pool of assets. | Not applicable. The assets are not actively managed. |
| B.27 | Further issuances backed by the same assets. | Not applicable. The Issuer does not intend to issue further securities backed by the same assets. |
| B.28 | Structure of the transaction. | The structure of the transaction aims to make the Target (Start-up) investable for investors (after having invested: Noteholders) in an indirect way via a security (the Notes) (single asset securitization). To this end, the Issuer plans to acquire a Target Shareholding in an amount of up to 12.74% of the Target’s shares. The Issuer aims to refinance this acquisition by the public offering of the Notes. The Notes are profit and loss participating certificates (Genuss scheine). As the Issuer's assets will consist solely of the Target Shareholding, the Issuer's revenue will depend completely on the income generated by the Issuer from distributions of profit (dividend payments) by the Target or from a possible sale of the Target Shareholding. Thus, the Notes are securities tracking the cash flow from possible dividend payments by the Target and a possible profit from a sale of the Issuer’s Target Shareholding (net of costs incurred and taxes paid by the Issuer).  
The Issuer's investment in the Target is based on an investment agreement and a shareholders’ agreement. Both agreements contain provisions that are customary for venture capital transactions. |
| B.29 | Description of the flow of funds. | The Issuer will collect the Target's profit distributions and will transfer the Issuer's profits to the paying agent, Bankhaus Gebr. Martin AG (Schloßplatz 7, 73033 Göppingen, Germany) (“Paying Agent”) for distribution to the Noteholders in accordance with the Notes. 90 % of the Issuer’s distributable profit will be distributed on a yearly in arrears basis, while 10 % shall preliminarily be retained in view of a possible later carried interest payment. The retained amounts will only be distributed to the Noteholders if and to the extent that they are not used up by a corresponding Carried Interest payment or other senior liabilities of the Issuer or are subject to loss participation.  
In addition, the Issuer will arrange for the sale of the Issuer’s Shareholding in the Target in accordance with the Notes or as authorized by the Noteholders. The Issuer will then transfer the Issuer’s profit from the sale to the Paying Agent for distribution to the Noteholders in accordance with the Notes. |
A Liquidity Reserve of 2% of the proceeds from the emission ("Liquidity Reserve") shall always remain with the Issuer as a reserve for unexpected but necessary management services (as authorized by the Noteholders on a case-by-case-basis). The Liquidity Reserve shall always be replenished from the Target’s distributions before the remaining profits of the Issuer are distributed to the Noteholders. Upon termination of the Notes any remaining amount will be distributed to the Noteholders.

Payments and deposits in connection with the profit participation certificates are made via the Paying Agent. The Paying Agent shall ensure that payments due are made into the investor's securities account.

There are no swap counterparties or any providers of other material forms of credit/liquidity enhancement.

| B.30 | Originators of securitized assets. | The originator of the securitized assets is the Target Surge-on Medical B.V., which is described in greater detail in the following. |

### Information on the Target

| B.1 | Legal and commercial name. | The Target’s legal name is Surge-on Medical B.V. (Besloten Vennootschap). The Target also operates on the market under its commercial name Surge-on Medical. |
| B.2 | Domicile, legal form, legislation under which the Target operates, country of incorporation. | The Target was incorporated and is registered as a Besloten Vennootschap (B.V.) (i.e. a private limited liability company) governed by Dutch law, with registered office at Rotterdamseweg 183 C, 2629HD Delft, The Netherlands, telephone number +31 15 2682 513 under registration number RSN 855297888. The Target is listed in the Commercial register of the Chamber of Commerce under the following file number: 63561778. The target operates under Dutch law, applicable European laws, and, to the extent applicable, in accordance with international conventions. |
| B.3 | Target’s current operations and principal activities, main categories of products sold and/or services performed, principal markets. | The Target was founded in 2015 with the aim of providing innovative surgical tools that optimize and expand the performance of a surgeon to enhance the quality of care for the patient. The Target develops steerable, detachable and cleanable surgical instruments based on its exclusive portfolio of four patents. Since 2015 the Target has successfully developed and tested two instruments for arthroscopy and laparoscopy. Current products are:  
**Steerable Punch** – steerable instrument for arthroscopy, in development since 2015, current stage: production, sales and clinical testing  
**Steerable Grasper** – steerable instrument for laparoscopy, in development since 2016, current stage: prototype and preclinical testing  
**PoLaRS** – Portable Laparoscopic Robot System, in development since 2017, current stage: proof of concept  
**PoLaRS VR training system**, in development since 2018, current stage: early prototype  
The Target competes in the market of minimally invasive instruments, worldwide, but with a (non-exclusive) focus on the European Union, China and later the United States. The Steerable Punch will primarily be used for meniscectomies (cutting of rupture meniscus tissue located in the knee joint), where the Steerable Grasper will be used for laparoscopic surgeries (abdominal area surgeries). PoLaRS is part of the surgical robot market. |
| B.4a | Significant recent trends affecting the Target and the industries in which it operates. | In 2018 the Target has sold five demo models of the Steerable Punch to a client in China (at full commercial market introduction price of EUR 2,500.00 each). In the same year a research contract with a robotics company from the United States was completed. Since February 2019, six Steerable Punches are given on loan to a Dutch hospital.  
For production and production costs, the Target focuses on manufacturing bigger numbers of the Steerable Punch at lower costs. For this, the Target was awarded with a government grant, which |
allows the Target and its production partner to develop new methods for cost effective manufacturing. In January 2019 the Target has received the second payment of this grant.

Additionally, multiple new connections with suppliers and manufacturers have been made, which confirms a reduction in production costs for the next production batches, and thereby increasing the gross profit margin of the Steerable Punches (as the commercial market introduction price remains the same). In January 2019 this reduction in production costs was confirmed by receiving the second favorable quotation of another German manufacturer. By the confirmation (May 2019) of receiving a new grant, and pre-order from a distributor, the Target plans new production for end of July 2019 and will start sales. This production will be matched with the orders the Target has received in June 2019 for Steerable Punches to South Korea.

Currently, the start of the patient surgeries and clinical testing of the Steerable Punch is pending due to the hospital’s scheduling of the surgeries. The Target expects this to start from August 2019. As the Steerable Punch is a Class I medical device (it is invasive, reusable and intended to be in contact with the patient for around 15 minutes, and therefore classifying as Class I according to the Regulation (EU) 2017/745 of the European Parliament and of the Council on medical devices, Annex VIII), which was confirmed by specialized law firms, the CE is not dependent on a notified body. The Target has the CE documentation and the declaration of conformity complete. After the completion of testing in-patient surgeries, the Target will introduce the Steerable Punch in the market.

B.5 Description of the group.

*Not applicable.* The Target is a single entity.

B.6 Information on the Target’s shareholders’ voting rights and control over the Target.

The Target is owned and controlled by the current shareholders and management: T. Horeman Beheer B.V. (100% owned by Tim Horeman-Franse) holds 40 % of the ordinary shares of the Target, while Groosman.co B.V. (100% owned by Benno Groosman) holds 60 %. All of the Target’s major shareholders have the same voting rights.

B.7 Historical key financial information, significant changes to the Target’s financial condition and operating results.

The following selected historical financial information was taken from the audited financial statements of the Target as of December 31, 2017 and as of December 31, 2018 (together, the “Target’s Financial Statements”).

<table>
<thead>
<tr>
<th>Balance Sheet</th>
<th>31 December 2018 (EUR)</th>
<th>31 December 2017 (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>intangible fixed assets</td>
<td>250,559</td>
<td>229,984</td>
</tr>
<tr>
<td>tangible fixed assets</td>
<td>3,508</td>
<td>2,310</td>
</tr>
<tr>
<td>Current Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>current receivables</td>
<td>3,324</td>
<td>28,734</td>
</tr>
<tr>
<td>cash at bank and in hand</td>
<td>53,031</td>
<td>30,557</td>
</tr>
<tr>
<td>Shareholders equity</td>
<td>(345,989)</td>
<td>(224,327)</td>
</tr>
<tr>
<td>Total liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>656,411</td>
<td>515,912</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net turnover</td>
<td>23,983</td>
<td>26,596</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>178,952</td>
<td>148,293</td>
</tr>
<tr>
<td>Profit/(loss) after taxation</td>
<td>(121,662)</td>
<td>(145,827)</td>
</tr>
</tbody>
</table>

*Total liabilities comprised of subordinated loans, provisions, long-term liabilities, current liabilities. There has been no significant gross change (not applicable).

Net assets, financial position and results of operations

Results of operations: Explanatory notes on the profit and loss account

The company has increased its loss before taxes from EUR 119,255.00 (2017) to EUR 120,256.00
The net turnover of EUR 23,983.00 (2017: EUR 26,596.00) is mainly the result of a product development cooperation with an US robotics company and demo sales.

Total operating expenses went up to EUR 178,952.00 (2017: EUR 148,293.00) and consist mainly of management fees for the management of the company (EUR 61,683.00), other operating expenses (EUR 48,867.00) and wages and salaries (EUR 32,052.00).

Furthermore, EUR 19,621.00 (2017: EUR 13,353.00) of financial expenses have been made, as part of the interest on the subordinated and STW loans.

Financial position: Explanatory notes on the capital structure, expenditures and liquidity

Cash-flows primarily derived from non-dilutive financing by government grants, but also from pre-market launch revenues. Revenues are expected to increase in the future, as in 2019 the market launch of the first product, the Steerable punch, will take place.

At 31 December 2018 the company had a total amount of cash at bank of EUR 53,031.00 (an increase since 2017: EUR 30,557.00). Considering the newly acquired (2019) grant and increasing sales, the company is enabled to meet its obligations in the coming year.

The long-term liabilities (EUR 317,769.00 including interest) mainly consist of the STW loan, for which repayment is planned for January 2020, with the option of postponing this repayment for an extra year.

EUR 100,000.00 of the current liabilities (other liabilities) is the prepaid investment of a new shareholder (business angel) and this part of the liabilities will be reduced to nil once the 31 new ordinary shares are issued on his name, which is expected in 2019.

Net assets: Explanatory notes on the balance sheet

The shareholder’s equity grew to a negative value of EUR 345,989.00 (2017: EUR 224,327.00). The outlook is positive and with this the Company can meet its obligations in the coming year.

| B.9 | Profit forecast or estimate. | Not applicable. No profit forecast is included in the prospectus. |
| B.10 | Nature of any qualifications in the audit report on the Target’s historical financial information. | Not applicable. There are no qualifications in the audit report on the historical financial information. |
| C.3 | Number of shares issued and fully paid and not fully paid, par value per share. | The Target’s issued capital amounts to EUR 1,000.00. There are 1,000 authorized shares. 1,000 shares are issued and fully paid. The par value of share is EUR 1.00. Since the year 2015 there are 1,000 shares outstanding. |
| C.7 | Target’s dividend policy. | The Target’s General Meeting decides on profit distribution, based on the Target’s annual financial statement and annual accounts. The Target’s Board is obliged to compile a financial statement in accordance with applicable Dutch accountancy standards and applicable laws and submit it to the shareholders for inspection within five months after the end of the Target’s financial year (i.e. the calendar year). The Target’s General Meeting shall adopt the annual accounts and allocate the profit or determine the manner in which a deficit will be processed and determine interim distributions to the profit or distributions from the reserves, insofar as the equity is greater than the reserves that must be maintained by law or the Target’s articles of association. The Target’s management board may refuse to approve the distribution of profit, if otherwise the continuity of the company would be endangered. No dividends have been distributed to date since the Target’s establishment. As a young growth company, the Target intends to mainly reinvest any surpluses generated in order to |
increase its enterprise value and therefore not to pay a dividend in the foreseeable future.

**Section C — Securities**

| C.1 | Type and class of Securities being offered, securities identification number. | The Notes being offered will be profit and loss participating certificates (Genuss scheine) of the Issuer with ISIN (International Security Identification Number): DE000A2PN2F4 WKN: A2PN2F |
| C.2 | Currency. | Euro ("EUR") |
| C.5 | Restrictions on Transferability. | There are no restrictions on the free transferability of the securities. |
| C.8 | Rights attached to the securities. | The Notes are profit and loss participating certificates of the Issuer. The Noteholders either participate in the Issuer's net surplus or receive a loss allocation in a given financial year. **The Noteholders have no claim to interest or repayment of the invested amount.** All payment obligations under the Notes constitute solely obligations to either distribute amounts out of the Issuer's profits or to repay the nominal amount net of possible losses allocated to the Noteholders. Any payments under the Notes will be dependent upon the Issuer receiving income from dividend payments by the Target or from a possible sale of the Issuer's shareholding in the Target in accordance with the exit provisions of the Notes' terms and conditions. All of the Issuer's distributable profits will be distributed to the Noteholders on a pro-rata basis. The Notes will be issued for an indefinite period. Regular termination (ordentliche Kündigung) by both parties is not permitted until the end of the 2033 financial year at the earliest. The Notes may be terminated for cause (außerordentliche Kündigung), inter alia, if the whole Target Shareholding acquired by the Issuer has been sold. Even in the event of a termination of the Notes, Noteholders will only receive the amount which is attributable to the Notes held by them after profit and loss allocation and after deduction of possible profit participation due to the Platform Operator (Carried Interest). The noteholders will also be allocated possible losses incurred by the Issuer after a possible termination of the Notes on the basis of a write-down or sale or other value adjustment of the Target Shareholding. The Noteholders participate in the Issuer's profits and losses from start of the issuer's business year 2019. The Notes do not grant any membership rights in the Issuer, in particular no participation or voting rights in the Issuer's shareholders' meeting. The notes are of equal rank (pari passu) without any preference. They are not subordinated to any present or future liabilities of the Issuer. |
| C.11 | Admission to Trading. | Not applicable. No application will be made for the Notes being admitted to trading on a regulated market or equivalent market. |
| C.12 | Minimum Denomination. | The minimum denomination of the issue of Notes is EUR 500.00. |
| C.15 | Description of how the value of the investment is affected by the value of the underlying instrument(s). | The Notes are profit and loss participating certificates of the Issuer. The holders of profit participation certificates either participate in the Issuer's net surplus or receive a loss allocation in a given financial year. As the Issuer's assets consist solely of its shareholding in the Target, the Issuer's profit depends completely on the income generated by the Issuer from distributions of profit (dividend payments) by the Target or from a possible sale of its shareholding in the Target. As a young growth company, the Target intends to mainly reinvest any surpluses generated in order to increase its enterprise value. The Target therefore intends not to pay a dividend in the foreseeable future. In order for a profit to be generated from the sale of the Issuer's shareholding in the Target, the Target must in the meantime be able to increase its enterprise value. If this will be the case is uncertain. The selling price to be achieved depends on the one hand on the economic development of the Target itself and on the other hand on the general economic conditions. |
development.

The Noteholders have no claim to interest or repayment of the invested amount. Even in the event of a termination of the Notes, they will only receive the amount which, after profit and loss allocation and after deduction of possible Carried Interest payments due to the Platform Operator (cf. below), is attributable to the Notes held by them. The Noteholders participate in the Issuer’s profits and losses from start of the Issuer’s business year 2019.

If an Exit within the meaning of the Notes’ terms and conditions, i.e. either

(i) a sale or transfer or acquisition of a majority of the voting rights in the Target or of more than 50 % of the Target’s assets (including hidden reserves) or an economically equivalent transaction or

(ii) a sale of all shares in the Target held by the Issuer

("Exit") occurs during the duration of the Notes, the Platform Operator is entitled to a Carried Interest, i.e. a share in the profit generated by the Issuer from such transaction ("Carried Interest").

Carried interest is an expense of the Issuer; it reduces its profit distributable to the Noteholders. Only the Issuer’s profit remaining after Carried Interest has been paid to the Platform Operator will be distributed to the Noteholders.

Carried interest is only payable in the event of an Exit. It amounts to

- a total of 10% of the Issuer's total pre-tax profit in all financial years preceding the exit
- net of the paid-up and not yet repaid profit participation capital and
- net of a minimum return of 10 % p.a., calculated on an IRR basis ("Hurdle Rate").

Carried Interest cannot be negative. If no Exit occurs, no Carried Interest has to be paid.

C.16 Expiration or maturity date of the derivative securities. The Notes will be issued for an indefinite period. Regular termination (ordentliche Kündigung) by both parties is not permitted until the end of the 2033 financial year at the earliest. The Notes may be terminated for cause (außerordentliche Kündigung), inter alia, if the whole Target Shareholding acquired by the Issuer has been sold. Any termination by the Noteholders (ordinary or extraordinary in the case of grave cause) will be effective only if declared uniformly by Noteholders who hold at least 25 % of the outstanding Profit Participation Capital ("Required Minimum Quorum").

C.17 Description of the settlement procedure. The Notes will be issued at 100 % of the nominal amount (EUR 500.00 each). Costs and taxes will not be charged to the subscriber in the course of the issuance.

The Notes for which subscription applications have been submitted and allocated by September 1, 2019 are expected to be delivered on the Issue Date, September 15, 2019. The Notes subsequently issued are expected to be delivered ten banking days after allocation.

The issue price must be credited to the Issuer's account specified in the subscription process within four weeks after receiving notification of allotment. In the events of

- non-payment of the nominal amount by the Investor within four weeks after receiving Notification of Allotment or
- transmission of incorrect or incomplete securities account data that is not remedied four weeks after receiving Notification of Allotment or
- in case the liability umbrella cannot meet its obligations regarding the money laundering check within four weeks after Notification of Allotment,

the Issuer has the right of ordinary termination of the subscription agreement.

C.18 A description of how the return on derivative securities takes place. The Notes are profit and loss participating certificates of the Issuer. The holders of profit participation certificates either participate in the Issuer's net surplus or receive a loss allocation in a given financial year. As the Issuer's assets consist solely of its shareholding in the Target, the Issuer's profit depends completely on the income generated by the Issuer from distributions of profit (dividend payments) by the Target or from a possible sale of its shareholding in the Target.
### Section D — Risks

| C.19 | The exercise price or the final reference price of the underlying. |
| C.20 | A description of the type of the underlying and where the information on the underlying can be found. |

The Noteholders have no claim to interest or repayment of the invested amount. All payment obligations under the Notes constitute solely obligations to either distribute amounts out of the Issuer’s profits or to repay the nominal amount net of possible losses allocated to the Noteholders. Any payments under the Notes will be dependent upon the Issuer receiving income from dividend payments by the Target or from a possible sale of the Issuer’s shareholding in the Target in accordance with the exit provisions of the Notes’ terms and conditions. All of the Issuer’s distributable profits will be distributed to the Noteholders on a pro-rata basis.

The Notes will be issued for an indefinite period. Regular termination ("ordentliche Kündigung") by both parties is not permitted until the end of the 2033 financial year at the earliest. The Notes may be terminated for cause ("außerordentliche Kündigung"), inter alia, if the whole Target Shareholding acquired by the Issuer has been sold. Any termination by the Noteholders (ordinary or extraordinary in the case of grave cause) will be effective only if declared uniformly by Noteholders who hold at least 25 % of the outstanding Profit Participation Capital ("Required Minimum Quorum"). In the event of a termination of the Notes, Noteholders will only receive the amount which is attributable to the Notes held by them after profit and loss allocation and after deduction of possible profit participation due to the Platform Operator (Carried Interest). The noteholders will also be allocated possible losses incurred by the Issuer after a possible termination of the Notes on the basis of a write-down or sale or other value adjustment of the Target Shareholding.

The Issuer will collect the Target’s profit distributions and will transfer the Issuer’s profits to the paying agent, Bankhaus Gebr. Martin AG (Schlossplatz 7, 73033 Göggingen, Germany) ("Paying Agent") for distribution to the Noteholders in accordance with the Notes. 90 % of the Issuer’s distributable profit will be distributed on a yearly in arrears basis, while 10 % shall preliminarily be retained in view of a possible later carried interest payment. The retained amounts will only be distributed to the Noteholders if and to the extent that they are not used up by a corresponding Carried Interest payment or other senior liabilities of the Issuer or are subject to loss participation.

In addition, the Issuer will arrange for the sale of the Issuer’s Shareholding in the Target in accordance with the Notes or as authorized by the Noteholders. The Issuer will then transfer the Issuer’s profit from the sale to the Paying Agent for distribution to the Noteholders in accordance with the Notes.

The Issuer is entitled to acquire up to 146 shares in the Target (or up to a 12.74 % shareholding in the Target after this transaction has closed) based on a valuation of EUR 33,361,000.00 per share (the “Issuer Subscription Price”, exercise price of the underlying). This price reflects a pre-money valuation of the Target of EUR 33,361,000.00. This pre-money valuation (enterprise value) has been calculated based on the Target’s earnings planning and a valuation methodology applied in accordance with the guidelines of the German Institute of Auditors (Institut der Wirtschaftsprüfer (IDW), IDW Standard S1, Discounted Cash Flow – Long Term Growth). The valuation is mainly based on a revenue plan prepared by the Target under its own responsibility.

The underlying assets consist solely in an equity shareholding in the Target (the Target Shareholding). The legal nature of the Target Shareholding will be newly-issued common shares in the Target governed by Dutch law. The Issuer obtains a formal shareholder position in the Target.

Information about the Target can – in the extent publications are required by law – be obtained from the Target at Rotterdamseweg 183 C, 2625HD Delft, the Netherlands.

If any of the risks described below were to materialize, this could have a material adverse effect on the Target’s business, financial condition and/or results of operations or prospects. As a result, the Target may not be able to distribute profits (make dividend payments) to the Issuer and/or the Target may not be able to increase its enterprise value and the Issuer may not be able to gain a profit from a possible sale of the Target Shareholding. This may adversely affect the timing and amount of payments under the Notes or may result in no payments being made to the Noteholders at all. Any of the following risks could have a material adverse effect on the value of the Notes and/or on the Issuer. In the event of an insolvency of the Target and/or the Issuer, there is a significant risk that the Notes may lose value, up to and including a total loss of the value of the Notes.
Risk of the Target’s insolvency – The Target may become insolvent or overindebted. This may in particular be the case if the Target has lower revenues and/or higher expenses than expected or if it is unable to raise any necessary follow-on financing.

Equity risk – The Issuer will place the invested capital at the disposal of the Target in the form of equity capital. Equity capital is permanently committed and is subject to loss sharing. In a possible liquidation or insolvency of the Target, its equity capital serves as liable capital, i.e. it is used primarily to satisfy the claims of the Target’s creditors.

No membership rights – The Notes do not grant any membership rights in the Target, in particular no participation or voting rights in the Target’s shareholders’ meeting.

Development and introduction of new products – The Target’s ability to maintain and improve its market position depends on the successful development, introduction and commercialization of its products, systems and services and the Target’s ability to enhance the existing technology. This is particularly challenging given that the Target’s products and services are at the cutting edge of existing technologies and medical advances. The products have long development and approval cycles, which require, as a result, to accurately anticipate changes in the marketplace, in technology and in customer demands. Developing new technologies and enhancing existing technologies may require significant investment in research and development, clinical trials and numerous country-specific regulatory approvals.

The results of the Target’s efforts to develop products and its ability to commercialize new and enhanced technologies may be affected by a number of factors, including the ability to accurately anticipate customer needs, innovate, and develop new products, obtain necessary regulatory approvals in a timely manner, secure reimbursement, manufacture products in a cost effective manner, obtain appropriate and geographically widespread intellectual property protections and rights for the Target’ products, and gain and maintain market acceptance for them. If the Target is unable to gain market acceptance for its products, or delay in the development or approval of any new product or technology, this may adversely impact the Target’s ability to fund its operations or to achieve new funding for further product developments.

The Target’s ability to successfully develop and introduce new products or enhance existing products, and to generate revenues, depends on the ability to, among other things:

- properly identify customer needs and long-term customer demands and market trends;
- demonstrate the clinical, operational and/or financial benefit of new products;
- timely obtain regulatory approval for selling products to different markets;
- market and sell the products competitively and profitably;
- manufacture, deliver and install the products in sufficient volumes on time, and accurately predict and control costs associated with manufacturing, installation, warranty and maintenance;
- manage customer acceptance and payment for products.

Failure to fulfill these and the applicable regulatory requirements in a timely and efficient manner could result in delays that could affect the Target’s ability to sell its products or to retain customers. The Target may need to spend more time and/or money than anticipated to develop and introduce new products. Even if new products gain market acceptance they may not be sufficiently profitable to enable the Target to recover all or a meaningful part of the investment necessary for the development of a product.

Early-stage company – The Target is an early-stage company with limited operating and performance history. The financing of such a young company involves specific risks. If a business idea is not successful in the market or if the planned business development cannot be implemented as expected, there is a total loss risk for investors in the Target (including the Issuer and, as indirect investors in the Target, the Noteholders).

Risks related to the Target’s dividend policy and/or enterprise value – As a young growth company, the Target intends to mainly reinvest any surpluses generated in order to increase its enterprise value. The Target therefore intends not to pay a dividend in the foreseeable future. In order for a profit to be generated from the sale of the Issuer’s shareholding in the Target, the
Target must be able to increase its enterprise value. If this will be the case is uncertain.

**Market and competition** – The Target’s revenue and profit depend substantially on the volume and timing of customer orders, which are difficult to forecast with a degree of certainty. Healthcare markets are characterized by rapidly evolving technology, intense competition and pricing pressure. The Target’s ability to compete successfully may be adversely affected, *inter alia*, by:

- the introduction of new products or product improvements or enhancements by competitors, including products that could substitute the Target’s products;
- blocking or otherwise adversely impacting intellectual property rights of others;
- increased restrictions on the use of and inclusion of certain raw materials, chemicals and other substances in the manufacture or use of certain of the Target’s products and which may not be applicable to competitors active only in countries without such restrictions or which do not utilize such;
- competitors who have lower production or delivery costs (due to geographic location, currency fluctuations or otherwise) and larger production and assembly capacity, which may enable them to compete more aggressively in offering discounts and lower prices, or are more successful in promoting their offering, brand and image in the market;
- new market entrants with substantial financial resources.

**Strategy** – The Target’s future growth and success depend on the ability to implement the Target’s management’s business strategies successfully. There can be no assurance that the Target will be successful in entering markets or in developing new technologies or products that have valuable applications in these markets for the Target’s customers.

**Legal risks and intellectual property** – The Target is exposed to potential product liability and warranty or guarantee claims. In addition, if the Target is unable to protect or effectively enforce its intellectual property rights, this could have a material adverse effect on the Target’s business, financial condition and results of operations, reputation or prospects.

**Key person risk** – The ability to operate the business and implement the Target’s growth strategy depends, to a significant degree, on the continued contributions of the two Target founders. In the event of a possible loss of the Target’s key personnel, there is a risk that expertise may no longer be available and that qualified business structure and risk management may no longer be fully guaranteed.

**Liquidity and financing** – The Target’s development depends on the ability to finance working capital requirements and generate funds for general corporate purposes, including research and development and capital expenditures. The Target cannot rule out that, following the offering, it may decide or be required to obtain additional financing from banks, public offerings or private placements of debt or equity securities, strategic relationships or other arrangements.

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**D.2 Key risks specific to the Issuer.**

**Risks deriving from the Issuer’s nature as a special purpose vehicle for a single-asset securitization** – The Issuer is a securitization special purpose vehicle (“SPV”) that has been established solely for the purpose of obtaining and holding the equity shareholding in the Target (the “Target Shareholding”) and issuing the Notes. The Target Shareholding is the only securitized asset (single-asset securitization). The Issuer does not own any material assets before or during the issue. The Issuer will not make investments in other companies, conduct other business or implement any other form of risk diversification. The Issuer has no other sources of income that the Issuer could use for repaying the investment or for making payments to the Noteholders apart from possible proceeds that derive from the Target Shareholding to be acquired (e.g. dividends distributed by the Target) or from a possible sale of the Target Shareholding. If proceeds from the Target Shareholding fail to materialize or are lower than expected and/or if the Issuer fails to sell the Target Shareholding at a sufficient price, this may result in the Issuer lacking the funds for payments to the Noteholders.

**Risk of the Issuer’s insolvency** – While the Issuer is under no obligation to make payments to the Noteholders, the Issuer will incur costs in order to maintain its ongoing operations. In addition, there is a risk that the Issuer will have to pay other fees, out-of-pocket expenses or be subject to reimbursement claims, claims for damages or other claims. Such obligations could lead to the Issuer’s insolvency if the Issuer does not have sufficient funds to meet them.
Risk of claims asserted against the Issuer – The Issuer may be subject to reimbursement claims, claims for damages (e.g. arising from prospectus liability) or other claims by Noteholders or third parties. If a claim is filed against the Issuer, the only assets available to meet such claim would be the Liquidity Reserve and the Target Shareholding, more specifically the monies derived from distributions of profit (dividend payments) by the Target or from a possible sale of the Target Shareholding.

Dependency on cooperation partners and service providers – The Issuer’s operations depend, among other things, on a functioning cooperation with third parties, in particular the Participation Holder, the Issuer’s Manager and the Platform Operator.

D.6 Key risks specific to the securities

Risk of total or significant loss – An investment in the Notes is an entrepreneurial investment involving a high degree of risk. By subscribing to the Notes, investors provide the Issuer with capital that is committed for the long term, reinvested by the Issuer in a risky manner and subject to loss participation. Noteholders may lose the value of their entire investment or a significant part thereof.

The Notes do not represent payment obligations of the Issuer – Noteholders have no claim to interest or repayment of the invested amount. The Notes are profit and loss participating certificates of the Issuer. The Noteholders either participate in the Issuer's net surplus or receive a loss allocation in a given financial year. As the Issuer’s assets consist solely of its shareholding in the Target, the Issuer's profit depends completely on the income generated by the Issuer from possible distributions of profit (dividend payments) by the Target or from a possible sale of its shareholding in the Target. If the Issuer can generate such income is uncertain. As a young growth company, the Target intends to mainly reinvest any surpluses generated in order to increase its enterprise value. The Target therefore intends not to pay a dividend in the foreseeable future. In order for a profit to be generated from the sale of the Issuer’s shareholding in the Target, the Target must in the meantime be able to increase its enterprise value. The selling price to be achieved by the Issuer depends, inter alia, on the economic development of the Target itself and on the general economic development.

Limited recourse – The Notes are limited recourse obligations of the Issuer. Claims in respect of the Notes are limited to the proceeds received by the Issuer from the Target or from a sale of the Target Participation after the deduction of any applicable expenses. The payments made under the Notes will be completely dependent on the income generated by the Issuer from distributions of profit (dividend payments) by the Target or from a possible sale of the Target Shareholding. Due to the limited recourse nature of the Notes, there is no certainty that the investors will receive any amounts payable under the Notes.

Long-term investment – The Notes represent a long-term investment. The Notes will be issued for an indefinite period. Regular termination by both parties is not permitted until the end of the 2033 financial year at the earliest. Any termination by the Noteholders (ordinary or extraordinary in the case of grave cause) will be effective only if declared uniformly by Noteholders who hold at least 25% of the outstanding Profit Participation Capital (Required Minimum Quorum).

Risk of losses due to a termination of the Notes – In the event of termination by the Noteholders, the Issuer may be forced to write off the Target Shareholding or to sell it at short notice on terms that do not reflect the actual (fair) value of the Target Shareholding at that time.

No membership rights – The Notes do not grant any membership rights in the Issuer, in particular no participation or voting rights in the Issuer’s shareholders’ meeting.

Unsecured Notes – The Notes are unsecured. In the event of an insolvency of the Issuer, the Noteholders will rank equally with all other unsecured creditors of the Issuer. In the event of an insolvency of the Issuer, there is a significant risk that the Notes may lose value, up to and including a total loss of the value of the Notes.

Liquidity – No secondary market for the Notes currently exists. A listing of the Notes is not intended. While a sale of the Notes is generally permissible, it is not certain that the Notes can actually be sold due to the small size of the market and presumably low trading activity in the Notes.

Risk of re-characterization with respect to the taxation of the Notes – There is a risk that the tax authorities might be of the opinion that the Noteholders qualify as partners of the Issuer and that income deriving from the Target (dividends or capital gains) is directly allocable to the
Noteholders. This might result in higher tax payments due than anticipated and/or can lead to possible additional tax payments by the Noteholders, which the Noteholders must make at a later date.

### Section E — Offer

<table>
<thead>
<tr>
<th>E.2b</th>
<th>Reasons for the offer and use of proceeds.</th>
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<tbody>
<tr>
<td></td>
<td>The Issuer intends to use the proceeds of the issuance of the Notes (in an amount of up to EUR 5,000,000.00) to acquire the Target Shareholding. If the proceeds of the issuance exceed the Minimum Subscription Volume (EUR 500,000.00), the Issuer will participate in a capital increase by the Target and will subscribe to new shares (governed by the applicable law of the Netherlands). The Issuer will be entitled to acquire up to 146 shares in the Target (or up to a 12.74 % shareholding) based on a valuation of EUR 33,361.00 per share (the “Issuer Subscription Price”). This price reflects a pre-money valuation of the Target of EUR 33,361,000.00. If the Minimum Subscription Volume is not reached, the subscription agreements (concluded between the investors and the Issuer) and the Investment Agreement (concluded between the Issuer and the Target) will not become effective. In this case, the Notes will not be issued, any payments already made to the Issuer by investors will be refunded and the Issuer will not become a shareholder of the Target. The Issuer will retain 2 % of the proceeds as a Liquidity Reserve for unexpected but necessary management services (as authorized by the Noteholders on a case-by-case-basis). The Liquidity Reserve shall always be replenished from the Target’s distributions before the remaining profits of the Issuer are distributed to the Noteholders. Upon termination of the Notes any remaining amount will be distributed to the Noteholders. All the remaining proceeds of the issuance (i.e. 98 % or up to EUR 4,900,000.00) will be used by the Issuer to acquire the Target Shareholding. The Issuer will not bear transaction costs and expenses of the offer; these will be borne by the Target. The net issue proceeds thus are identical to the issue proceeds.</td>
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<th>E.3</th>
<th>Terms and conditions of the offer.</th>
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<td>The total amount of the offer is EUR 5,000,000.00. The Notes will be issued at par value. The minimum subscription amount per subscriber is EUR 500.00. Subscribers may subscribe to the Notes by declaration to the Issuer and payment of the nominal amount into the account specified in the subscription declaration. After receipt of the Issuer’s declaration of acceptance, the Notes will be booked into the Noteholders’ securities account. The issuance is subject to the condition precedent that Notes in an aggregate amount of at least EUR 500,000.00 are subscribed. The offer period runs from July 22, 2019 to July 19, 2020.</td>
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<tr>
<th>E.4</th>
<th>Material interests in the offer.</th>
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<tr>
<td></td>
<td>The Participation Holder is the Issuer’s only limited partner and holds all partnership interest in the Issuer. Furthermore, the Participation Holder is the only shareholder of the Issuer’s only general partner, the Issuer’s Manager. Thus, the Participation Holder controls the Issuer. The Notes are exclusively distributed to investors via aesucvest international GmbH (the Tied Agent). In providing this regulated activity of securities intermediation, the Tied Agent acts in the name, on account of and under the liability of BN &amp; Partners Capital AG (the Placement Agent) on the basis of a cooperation agreement that the Tied Agent and the Placement Agent have entered into. The Issuer and the Placement Agent have concluded a brokerage agreement regarding the Placement Agent’s services (that are provided through the Tied Agent via the Platform) and its remuneration. A portion of such remuneration will be paid by the Placement Agent to the Tied Agent under their cooperation agreement. The Platform Operator has entered into another cooperation agreement with the Participation Holder. This is a framework agreement that governs the role of the Participation Holder and the terms of his remuneration for this and similar transactions. In addition, the Target and the Platform Operator have entered into a project agreement. The project agreement governs support and coordination services that the Platform Operator provides to the Target outside the regulated activity of securities intermediation. Apart from the fact that the Participation Holder controls the Issuer and the Issuer’s Manager, all parties to the securitization program are independent. Further, all parties to the securitization program are independent from the Placement Agent and the Platform Operator and the Placement Agent and the Platform Operator are independent from each other. There are no possible interests – apart from the Placement Agent’s, Platform Operator’s, Participation Holder’s and Issuer’s...</td>
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Manager’s interest in providing services for remuneration at arm’s length conditions – or conflicts of interest on the part of natural or legal persons who are involved in the issue and who are material to the issue.

<table>
<thead>
<tr>
<th>E.7</th>
<th>Estimated expenses charged to the investor by the Issuer or the offeror.</th>
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<tbody>
<tr>
<td></td>
<td>The Notes will be issued at 100 % of the nominal amount (EUR 500.00 each). Costs and taxes will not be charged to the subscriber in the course of the issuance.</td>
</tr>
</tbody>
</table>

### 2. German version of the summary


#### Abschnitt A — Einleitung und Warnhinweise

**A.1** Warnhinweise.

<table>
<thead>
<tr>
<th>Warnhinweis, dass</th>
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<tbody>
<tr>
<td>die Zusammenfassung als Einführung zum Prospekt verstanden werden sollte,</td>
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<tr>
<td>der Anleger jede Entscheidung zur Anlage in die betreffenden Wertpapiere auf die Prüfung des gesamten Prospekts stützen sollte,</td>
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<td>für den Fall, dass vor einem Gericht Ansprüche auf Grund der in einem Prospekt enthaltenen Informationen geltend gemacht werden, der als Kläger auftretende Anleger in Anwendung der einzelstaatlichen Rechtsvorschriften der Staaten des Europäischen Wirtschaftsraums die Kosten für die Übersetzung des Prospekts vor Prozessbeginn zu tragen haben könnte und</td>
</tr>
<tr>
<td>diejenigen Personen, die die Verantwortung für die Zusammenfassung einschließlich etwaiger Übersetzungen hiervon übernommen haben oder von denen der Erlass ausgeht, haftbar gemacht werden können, jedoch nur für den Fall, dass die Zusammenfassung irreführend, unrichtig oder widersprüchlich ist, wenn sie zusammen mit den anderen Teilen des Prospekts gelesen wird, oder sie, wenn sie zusammen mit den anderen Teilen des Prospekts gelesen wird, nicht alle erforderlichen Schlüsselinformationen vermittelt.</td>
</tr>
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</table>

**A.2** Informationen über die spätere Verwendung des Prospekts.


Die Zustimmung ist nicht an sonstige objektive Bedingungen gebunden.

Die aescuvest international GmbH als Gebunder Vermittler des Vermittlers und der Vermittler selbst informieren die Anleger über die Bedingungen des Angebots zum Zeitpunkt des Angebotsstarts auf der von der aescuvest international GmbH betriebenen Website www.aescuvest.eu.

Für die Zwecke des Angebots der Genussscheine durch die Emittentin beabsichtigt die Emittentin, diesen Prospekt gemäß der Prospekttrichtlinie an die zuständigen Behörden in folgenden Ländern notifizieren zu lassen: Dänemark, Großbritannien, Niederlande, Österreich und Schweden. In diesen Staaten sowie in Deutschland können der Gebundene Vermittler sowie der Vermittler den
### Abschnitt B — Emittentin und etwaige Garantiegeber

<table>
<thead>
<tr>
<th>B.1</th>
<th>Juristische und kommerzielle Bezeichnung.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Die juristische Bezeichnung der Emittentin lautet Endoscopy Innovations Invest GmbH &amp; Co. KG. Die kommerzielle Bezeichnung der Emittentin ist „Endoscopy Innovations Invest“.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>B.2</th>
<th>Sitz, Rechtsform, das für die Emittentin geltende Recht und Land der Gründung.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Der Sitz der Emittentin ist die Brüsseler Straße 7 in 30539 Hannover, Deutschland. Die Rechtsform der Emittentin ist die einer deutschen Kommanditgesellschaft („KG“), bestehend aus einer Komplementärin (in Rechtsform einer GmbH) und einer Kommanditistin (ebenfalls in Rechtsform einer GmbH). Die Emittentin unterliegt dem Recht der Bundesrepublik Deutschland, dem anwendbaren europäischen Recht und, soweit anwendbar, internationalen Übereinkommen. Die Emittentin wurde nach deutschem Recht gegründet.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>B.16</th>
<th>Beteiligungen und Beherrschungsverhältnisse an der Emittentin, Art der Beherrschung.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>B.20</th>
<th>Gründung der Emittentin als Zweckgesellschaft.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>B.21</th>
<th>Haupttätigkeiten der Emittentin, Überblick über die Teilnehmer des Verbriefungsprogramms, Beteiligungen und Beherrschungsverhältnisse zwischen diesen Teilnehmern.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Die Emittentin ist eine Zweckgesellschaft. Sie wurde zu dem Zweck gegründet, eine Beteiligung an der Zielgesellschaft Surge-on Medical B.V. („Target“) zu erwerben (die „Target-Beteiligung“) und die Genussscheine auszugeben. Der Gesellschaftszweck der Emittentin besteht ausschließlich darin, Verbriefungen und andere zu diesem Zweck geeignete Aktivitäten durchzuführen (Verbriefungszweckgesellschaft) sowie die Beteiligung am Target zu halten und zu verwalten. Der einzige verbriebebare Vermögenswert ist die Beteiligung am Target. Andere (Geschäfts-)Aktivitäten sind ebenso ausgeschlossen wie die Aufnahme von Fremdkapital. Seit ihrer Gründung hat die Emittentin ihre Geschäftstätigkeit noch nicht aufgenommen. Die Emittentin wird ihren beschriebenen Tätigkeitsbereich nicht erweitern. Teilnehmer des Verbriefungsprogramms sind:</td>
</tr>
<tr>
<td></td>
<td>- das Target: Surge-on Medical B.V. (Rotterdamseweg 183 C, 2629HD Delft, Niederlande) (Originator der verbrieften Aktiva, also der Target-Beteiligung)</td>
</tr>
<tr>
<td></td>
<td>- die Emittentin: Endoscopy Innovations Invest GmbH &amp; Co. KG (Brüsseler Straße 7, 30539 Hannover, Deutschland)</td>
</tr>
<tr>
<td></td>
<td>- die Komplementärin: G4B Hannover Invest Management GmbH (Brüsseler Straße 7, 30539 Hannover, Deutschland)</td>
</tr>
<tr>
<td></td>
<td>- die Kommanditistin: G4B Hannover Beteiligungsverwaltung GmbH (Brüsseler Straße 7, 30539 Hannover, Deutschland)</td>
</tr>
<tr>
<td></td>
<td>- die Genussscheininhaber (oder „Anleger“, die die Genussscheine kaufen)</td>
</tr>
</tbody>
</table>

Gründung oder Niederlassung, erstellter Abschluss.

Die folgende Tabelle enthält zusammenfassende Informationen aus dem geprüften Abschluss der Emittentin zum 31. Dezember 2018 (der "Abschluss der Emittentin").

<table>
<thead>
<tr>
<th>Bilanz</th>
<th>31. Dezember 2018 (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Umlaufvermögen</td>
<td></td>
</tr>
<tr>
<td>Forderungen und sonstige Aktiva</td>
<td>0,04</td>
</tr>
<tr>
<td>Guthaben bei Kreditinstituten und Kassenbestand</td>
<td>99,76</td>
</tr>
<tr>
<td>Anteil am Verlust der Kommanditistin, der nicht durch Kapitaleinlagen gedeckt ist</td>
<td>1.350,20</td>
</tr>
<tr>
<td>Passiva und Verbindlichkeiten</td>
<td></td>
</tr>
<tr>
<td>Sonstige Rückstellungen</td>
<td>1.450</td>
</tr>
</tbody>
</table>

Gewinn- und Verlustrechnung


Gesamte betriebliche Aufwendungen | 1.450,20 |

Nettogewinn/(-verlust) des Geschäftsjahres | (1.450,20) |

B.23 Ausgewählte wesentliche historische Finanzinformationen.


Beschreibung der Basiswerte (verbrieften Aktiva).


Der Emittentin ist es nicht gestattet, Fremdkapital aufzunehmen.

B.25 Beschreibung der Basiswerte (verbrieften Aktiva).


Der Emittentin ist es nicht gestattet, Fremdkapital aufzunehmen.

B.26 Aktiv gemanagter Pool von Aktiva.

Entfällt. Die Aktiva werden nicht aktiv gemanagt.

B.27 Ausgabe weiterer Wertpapiere, die mit den gleichen Aktiva unterlegt

Entfällt. Die Emittentin beabsichtigt nicht, weitere Wertpapiere auszugeben, die mit den gleichen Aktiva unterlegt sind.
B.28 Struktur der Transaktion.


Die Investition der Emittentin in das Target basiert auf einer Beteiligungsvereinbarung und einer Gesellschaftervereinbarung. Beide Vereinbarungen enthalten Bestimmungen, die für Wachstumskapital-(Venture-Capital-)Transaktionen üblich sind.


Die Emittentin wird die Gewinnausschüttungen des Targets einziehen und die Gewinne der Emittentin an die Zahlstelle, das Bankhaus Gebr. Martin AG (Schloßplatz 7, 73033 Göppingen, Deutschland) („Zahlstelle“) zur Verteilung an die Genuss scheinnaber gemäß den Genuss scheinen überweisen. 90 % des ausschüttungsfähigen Gewinns der Emittentin werden jährlich nachträglich ausgeschüttet, während 10 % im Hinblick auf eine mögliche spätere Carry-Vergütung vorläufig einbehalten werden. Die einbehaltenen Beträge werden nur an die Genuss scheinnaber ausgeschüttet, falls und soweit sie nicht für die Zahlung einer Carry-Vergütung oder zur Bedienung anderer vorrangiger Verbindlichkeiten der Emittentin verwendet werden oder der Verlustbeteiligung unterliegen.

Darüber hinaus wird die Emittentin die Veräußerung der Target-Beteiligung in Übereinstimmung mit den Genuss scheinen oder wie durch die Genuss scheinnaber genehmigt veranstalten. Die Emittentin wird dann den Gewinn der Emittentin aus der Veräußerung an die Zahlstelle zur Verteilung an die Genuss scheinnaber gemäß den Genuss scheinen weiterleiten.


Es gibt keine Swap-Gegenparteien oder Anbieter anderer wesentlicher Formen der Bonitäts- oder Liquiditätsverbesserung.

B.30 Originatoren der verbrieften Aktiva.

Der Originator der verbrieften Aktiva ist das Target Surge-on Medical B.V., welches im Folgenden näher beschrieben wird.

<table>
<thead>
<tr>
<th>Informationen über das Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>B.1 Juristische und kommerzielle Bezeichnung.</td>
</tr>
</tbody>
</table>

Die juristische Bezeichnung des Targets ist Surge-on Medical B.V. (Besloten Vennootschap). Das Target tritt darüber hinaus am Markt unter der kommerziellen Bezeichnung Surge-on Medical auf.

| B.2 Sitz, Rechtsform, das für das Target geltende Recht und Land der |

Derzeitige Geschäftstätigkeiten und Haupttätigkeiten des Targets, Hauptkategorien der verkauften Produkte und/oder erbrachten Dienstleistungen, Hauptmärkte.

Das Target Surge-on Medical B.V. wurde 2015 mit dem Ziel gegründet, innovative chirurgische Instrumente anzubieten, die die Leistung des Chirurgen optimieren und erweitern, um die Versorgungsaufgaben für den Patienten zu verbessern. Das Target entwickelt steuerbare, abnehmbare und reinigungsfähige chirurgische Instrumente auf der Grundlage eines exklusiven Portfolios von vier Patenten. Seit 2015 hat das Target erfolgreich zwei Instrumente für die Arthroskopie und Laparoskopie entwickelt und getestet.

Derzeitige Hauptprodukte sind:

- **Steerable Punch** – Lenkinstrument für die Arthroskopie, in Entwicklung seit 2015, aktueller Stand: Produktion, Verkauf und klinische Erprobung
- **Steerable Grasper** – Lenkinstrument für die Laparoskopie, in Entwicklung seit 2016, aktueller Stand: Prototyp und präklinische Erprobung
- **PoLaRS** – Tragbares laparoskopisches Robotersystem, in Entwicklung seit 2017, aktueller Stand: Machbarkeitsstudie
- **PoLaRS VR Trainingssystem**, in Entwicklung seit 2018, aktueller Stand: früher Prototyp

Das Target konkurriert auf dem Markt für minimal-invasive Instrumente weltweit, jedoch mit einem (nicht exklusiven) Fokus auf die Europäische Union, China und später die Vereinigten Staaten. Der Steerable Punch wird vor allem bei Meniskusoperationen (Schneiden von Bruchmeniskusgewebe im Kniegelenk) eingesetzt, während der Steerable Grasper für laparoskopische Operationen (Baubdeckenoperationen) eingesetzt wird. PoLaRS ist Teil des Marktes für chirurgische Roboter.

Wichtige jüngste Trends, die sich auf das Target und die Branchen, in denen es tätig ist, auswirken.


B.6 Beteiligung
en am Eigenkapital oder Stimmrechten des Targets, Höhe der Beteiligungen, Informationen zu Beherrschungsverhältnissen.


B.7 Ausgewählte wesentliche historische Finanzinformationen, wesentliche Veränderungen der Finanzlage und des Betriebsergebnisses des Targets.


<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Anlagevermögen</td>
<td>254.067</td>
<td>232.294</td>
</tr>
<tr>
<td>immaterielle Vermögensgegenstände</td>
<td>250.559</td>
<td>229.984</td>
</tr>
<tr>
<td>Sachanlagen</td>
<td>3.508</td>
<td>2.310</td>
</tr>
<tr>
<td>Umlaufvermögen</td>
<td>56.355</td>
<td>59.291</td>
</tr>
<tr>
<td>kurzfristige Forderungen</td>
<td>3.324</td>
<td>28.734</td>
</tr>
<tr>
<td>Guthaben bei Kreditinstituten und Kassenbestand</td>
<td>53.031</td>
<td>30.557</td>
</tr>
<tr>
<td>Eigenkapital</td>
<td>(345.989)</td>
<td>(224.327)</td>
</tr>
<tr>
<td>Summe Verbindlichkeiten¹</td>
<td>656.411</td>
<td>515.912</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Nettoumsatz</td>
<td>23.983</td>
<td>26.596</td>
</tr>
<tr>
<td>Gesamte betriebliche Aufwendungen</td>
<td>178.952</td>
<td>148.293</td>
</tr>
<tr>
<td>Gewinn/(Verlust) nach Steuern</td>
<td>(121.662)</td>
<td>(145.827)</td>
</tr>
</tbody>
</table>

¹Die gesamten Verbindlichkeiten setzen sich aus nachrangigen Darlehen, Rückstellungen, langfristigen Verbindlichkeiten und kurzfristigen Verbindlichkeiten zusammen.

Es hat sich keine wesentliche Bruttoveränderung ergeben (nicht anwendbar).

Vermögens-, Finanz- und Ertragslage

Ertragslage: Erläuterungen zur Gewinn- und Verlustrechnung


Die gesamten betrieblichen Aufwendungen stiegen auf EUR 178.952,00 (2017: EUR 148.293,00) und bestehen im Wesentlichen aus Management-Vergütungen für die Geschäftsführung der Gesellschaft (EUR 61.683,00), sonstigen betrieblichen Aufwendungen (EUR 48.867,00) sowie Löhnen und Gehältern in Höhe von EUR 32.052,00.

Darüber hinaus wurden im Rahmen der Verzinsung der nachrangigen STW-Darlehen Finanzierungsaufwendungen in Höhe von EUR 19.621,00 (2017: EUR 13.353,00) getätigt.

Finanzlage: Erläuternde Angaben zur Kapitalstruktur, zu den Ausgaben und zur Liquidität

Die Cashflows stammten hauptsächlich aus der (nicht verwässernden) Finanzierung durch öffentliche Zuschüsse, aber auch aus erzielten Umsätzen vor der eigentlichen Markteinführung der Produkte. Es wird erwartet, dass der Umsatz in Zukunft steigen wird, da 2019 die Markteinführung...
Für das erste Produkt, den Steerable punch, stattfinden wird.


Die langfristigen Verbindlichkeiten (EUR 317.769,00 inklusive Zinsen) bestehen im Wesentlichen aus dem STW-Darlehen, dessen Rückzahlung für Januar 2020 geplant ist, mit der Möglichkeit, diese Rückzahlung um ein weiteres Jahr zu verschieben.

EUR 100.000,00 der kurzfristigen Verbindlichkeiten (sonstige Verbindlichkeiten) machen die vorausbezahlte Investition eines neuen Gesellschafters (Business Angel) aus. Dieser Teil der Verbindlichkeiten wird sich auf Null reduzieren, sobald die 31 neuen Geschäftsanteile auf seinen Namen ausgegeben worden sind, was für 2019 erwartet wird.

Nettovermögen: Erläuternde Angaben zur Bilanz

Das Eigenkapital sank auf einen negativen Wert von EUR 345.989,00 (2017: minus EUR 224.327,00). Der Ausblick ist positiv und damit kann die Gesellschaft ihre Verpflichtungen im kommenden Jahr erfüllen.

B.9 Gewinnprognosen oder -schätzungen.

Geplante Gewinnprognosen oder -schätzungen sind im Prospekt nicht enthalten.

B.10 Art etwaiger Beschränkungen im Bestätigungsvermerk zu den historischen Finanzinformationen des Targets.

Entfällt. Der Bestätigungsvermerk zu den historischen Finanzinformationen des Targets enthält keine Beschränkungen.

C.3 Geschäftsanteile, Nennwert pro Geschäftsanteil.

Das gezeichnete Kapital des Targets beträgt EUR 1.000,00. Es gibt 1.000 Geschäftsanteile. Der Nennwert eines Geschäftsanteils beträgt EUR 1,00. Seit dem Jahr 2015 befinden sich 1.000 Geschäftsanteile im Umlauf.

C.7 Dividendenpolitik des Targets.


Seit der Gründung des Targets wurden bisher keine Dividenden ausgeschüttet. Als junges Wachstumsunternehmen beabsichtigt das Target, die erwirtschafteten Überschüsse überwiegend zur Steigerung des Unternehmenswertes zu reinvestieren und damit in absehbarer Zeit keine Dividende auszuschütteten.

Abschnitt C — Wertpapiere

C.1 Art und Gattung der angebotenen Wertpapiere. Wertpapierkennnummer.

Bei den angebotenen Wertpapieren handelt es sich um Genuss scheine der Emittentin mit folgenden Merkmalen:

<table>
<thead>
<tr>
<th>ISIN (Internationale Wertpapierkennnummer)</th>
<th>WKN</th>
</tr>
</thead>
<tbody>
<tr>
<td>DE000A2PN2F4</td>
<td>A2PN2F</td>
</tr>
<tr>
<td>C.2</td>
<td>Währung der Wertpapieremission.</td>
</tr>
<tr>
<td>-----</td>
<td>-------------------------------</td>
</tr>
<tr>
<td>C.5</td>
<td>Beschränkungen der freien Übertragbarkeit.</td>
</tr>
<tr>
<td>C.12</td>
<td>Mindeststückelung.</td>
</tr>
</tbody>
</table>

Wenn ein Exit im Sinne der Genussscheinbedingungen, d.h. entweder

(i) ein Verkauf, eine Übertragung oder eine Übernahme der Stimmrechtsmehrheit in dem Target oder von mehr als 50 % der Aktiva des Targets (einschließlich stiller Reserven) oder eine wirtschaftlich gleichwertige Transaktion oder

(ii) ein Verkauf aller von der Emittentin gehaltenen Geschäftsanteile an dem Target, ("Exit") während der Laufzeit der Genussscheine erfolgt, steht dem Plattformbetreiber ein Carried Interest zu, das heißt ein Anteil am Gewinn der Emittentin aus einer solchen Transaktion ("Carry-Vergütung").

Die Carry-Vergütung ist Aufwand der Emittentin; sie reduziert deren an die Genussscheininhaber ausschüttungsfähigen Gewinn. Lediglich der nach der Zahlung der Carry-Vergütung an den Plattformbetreiber verbleibende Gewinn der Emittentin wird an die Genussscheininhaber ausgeschüttet. Die Carry-Vergütung ist nur im Falle eines Exits zu zahlen. Sie beläuft sich auf

- insgesamt 10 % des gesamten Vorsteuergewinns der Emittentin in allen Geschäftsjahren vor dem Exit
- abzüglich des eingezahlten und noch nicht zurückgezahlten Genusscheinkapitals und
- abzüglich einer Mindestrendite von 10 % p.a., berechnet auf IRR-Basis ("Hurdle Rate").

Die Carry-Vergütung darf nicht negativ sein. Wenn kein Exit erfolgt, besteht auch kein Anspruch auf die Carry-Vergütung.

**C.16 Verfalltag oder Fälligkeitstermin der derivativen Wertpapiere.**


**C.17 Beschreibung des Abrechnungsverfahrens für die derivativen Wertpapiere.**


- Nichtzahlung des Nennbetrags durch den Anleger innerhalb von vier Wochen nach Erhalt der Zuteilungsmittelteilung oder
- Übermittlung unrichtiger oder unvollständiger Depotdaten, falls diese vier Wochen nach Erhalt der Zuteilungsmittelteilung noch nicht nachgereicht bzw. korrigiert worden sind oder
- falls der Vermittler seinen Verpflichtungen im Zusammenhang mit der Geldwäscheprüfung nicht innerhalb von vier Wochen nach Erhalt der Zuteilungsmittelteilung nachkommen kann.

**C.18 Beschreibung der Ertragsmodalitäten bei derivativen**

Bei den Wertpapieren handelt es sich um Genussscheine der Emittentin. Die Genussscheininhaber partizipieren in jedem Geschäftsjahr entweder am Nettoüberschuss der Emittentin oder erhalten eine Verlustzuweisung. Da das Vermögen der Emittentin ausschließlich aus ihrer Beteiligung an dem Target besteht, hängt der Gewinn der Emittentin vollständig von den Erträgen der Emittentin aus Gewinnausschüttungen (Dividendenzahlungen) des Targets oder aus
Abschnitt D — Risiken

<table>
<thead>
<tr>
<th>D.1</th>
<th>Zentrale Angaben zu den zentralen Risiken, die dem Target oder dessen Branche eigen sind.</th>
</tr>
</thead>
</table>

Sollte sich eines oder mehrere der im Folgenden beschriebenen Risiken realisieren, könnte dies einen wesentlichen negativen Einfluss auf die Geschäftstätigkeit, die Finanzlage und/oder das Ergebnis des Targets haben. Infolgedessen kann das Target möglicherweise keine Gewinne an die Emittentin ausschütten (keine Dividendenzahlungen leisten) und/oder das Target könnte seinen Unternehmenswert nicht steigern und die Emittentin könnte aus einem möglichen Verkauf der Target-Beteiligung keinen Gewinn erzielen. Dies kann sich nachteilig auf den Zeitpunkt und die Höhe von Zahlungen auf die Genuss scheine auswirken oder dazu führen, dass überhaupt keine Zahlungen an die Genusscheininhaber erfolgen. Jedes der folgenden Risiken könnte einen wesentlichen negativen Einfluss auf den Wert der Genuss scheine und/oder auf die Emittentin haben. Im Falle einer Insolvenz des Targets und/oder der Emittentin besteht ein erhebliches Risiko, dass die Genuss scheine an Wert verlieren, bis hin zu einem Totalverlust des Wertes der Genusscheine.

**Risiko der Insolvenz des Targets** – Das Target kann zahlungsunfähig oder überschuldet werden. Dies kann insbesondere dann der Fall sein, wenn das Target geringere Einnahmen und/oder höhere Ausgaben als erwartet hat oder wenn es nicht in der Lage ist, eine notwendige Folgefinanzierung einzuwerben.

**Eigenkapitalrisiko** – Die Emittentin stellt das investierte Kapital dem Target in Form von Eigenkapital zur Verfügung. Das Eigenkapital ist dauerhaft gebunden und unterliegt der Verlustbeteiligung. Im Falle einer möglichen Liquidation oder Insolvenz des Targets dient sein Eigenkapital als Haftkapital, d.h. es wird in erster Linie zur Befriedigung der Forderungen der Gläubiger des Targets verwendet.

**Keine Mitgliedschaftsrechte** – Die Genusscheine gewähren keine Mitgliedschaftsrechte in dem Target, insbesondere keine Teilnahme- oder Stimmrechte in der Gesellschafterversammlung des Targets.


Die Ergebnisse der Bemühungen des Targets, Produkte zu entwickeln, und seine Fähigkeit, neue und verbesserte Technologien zu vermarkten, können von einer Reihe von Faktoren beeinflusst werden, darunter die Fähigkeit, Kundenbedürfnisse genau vorherzusehen, innovativ zu sein, neue Produkte zu entwickeln, notwendige behördliche Genehmigungen rechtzeitig einzuholen, die finanzielle Ausstattung sicherzustellen, Produkte kostengünstig herzustellen, angemessene und geografisch weitreichende Schutzrechte und Immaterialgüterrechte an den Produkten des Targets zu erhalten und Marktakzeptanz für seine Produkte zu erlangen und aufrechtzuerhalten. Wenn das Target nicht in der Lage ist, Marktakzeptanz für seine Produkte zu erlangen oder wenn die Entwicklung oder Zulassung neuer Produkte oder Technologien sich verzögert, kann dieser Umstand die Fähigkeit des Targets beeinträchtigen, seine Geschäftstätigkeit zu finanzieren oder neue Mittel für weitere Produktentwicklungen zu erhalten.

Die Fähigkeit des Targets, neue Produkte erfolgreich zu entwickeln und einzuführen oder bestehende Produkte zu verbessern und Umsätze zu generieren, hängt unter anderem von den folgenden Fähigkeiten ab:

- Kundenbedürfnisse und langfristige Kundenanforderungen und Markttrends richtig zu erkennen;
- den klinischen, betrieblichen und/oder finanziellen Nutzen neuer Produkte aufzuzeigen;
- behördliche Genehmigungen für den Verkauf von Produkten in verschiedenen Märkten rechtzeitig einzuholen;
– die Produkte wettbewerbsfähig und profitabel zu vermarkten und zu verkaufen;
– die Produkte in ausreichender Menge rechtzeitig herzustellen, zu liefern und zu installieren
  und die mit der Herstellung, Installation, Garantie und Wartung verbundenen Kosten genau
  vorherzusagen und zu kontrollieren;
– Kundenakzeptanz und Bezahlung von Produkten sicherzustellen.

Wenn diese Anforderungen und die geltenden gesetzlichen Bestimmungen nicht rechtzeitig und
effizient erfüllt werden, kann dies zu Verzögerungen führen, die die Fähigkeit des Targets, seine
Produkte zu verkaufen oder Kunden zu binden, beeinträchtigen könnten.

Das Target muss möglicherweise mehr Zeit und/oder Geld als erwartet für die Entwicklung und
Einführung neuer Produkte aufwenden. Selbst wenn neue Produkte an Marktakzeptanz gewinnen,
sind sie möglicherweise nicht ausreichend profitabel, damit das Target die für die Entwicklung
eines Produkts erforderlichen Investitionen ganz oder teilweise amortisieren kann.

**Frühphasunternehmen** – Das Target ist ein Frühphasunternehmen mit einer begrenzten
Betriebs- und Leistungsgeschichte. Die Finanzierung eines so jungen Unternehmens ist mit
spezifischen Risiken verbunden. Ist eine Geschäftsliste am Markt nicht erfolgreich oder kann
die geplante Geschäftsentwicklung nicht wie erwartet umgesetzt werden, besteht ein Totalverlustrisiko
für Anleger, die in das Target investiert haben (einschließlich der Emittentin und, als indirekte
Anleger in das Target, den Genusscheininhabern).

**Risiken im Zusammenhang mit der Dividendenpolitik und/oder dem Unternehmenswert des
Targets** – Als junges Wachstumsunternehmen beabsichtigt das Target, die erwirtschafteten
Überschüsse überwiegend zur Steigerung des Unternehmenswertes zu reinvestieren und damit in
absehbarer Zeit keine Dividende auszuschütteln. Damit aus dem Verkauf der Beteiligung der
Emittentin am Target ein Gewinn erzielt werden kann, muss das Target in der Lage sein, seinen
Unternehmenswert zu steigern. Ob dies der Fall sein wird, ist ungewiss.

**Markt und Wettbewerb** – Umsatz und Gewinn des Targets hängen wesentlich von Volumen und
Zeitpunkt der Kundenaufträge ab, die schwierig prognostizierbar sind. Die Gesundheitsmärkte sind
durch schnelle Technologiedevelopment, intensiven Wettbewerb und Preisdruck gekennzeichnet.
Die Fähigkeit des Targets, erfolgreich zu konkurrieren, kann unter anderem beeinträchtigt werden durch:

– die Einführung neuer Produkte oder Produktverbesserungen durch Wettbewerber,
einschließlich Produkten, die die Produkte des Targets ersetzen könnten;
– Beeinträchtigungen der Immateriellegüterrechte (geistiges Eigentum) anderer;
– Verschärfte Anforderungen an die Verwendung und Einbeziehung bestimmter Rohstoffe,
  Chemikalien und anderer Stoffe bei der Herstellung oder Verwendung bestimmter Produkte
des Targets, die möglicherweise nicht auf Wettbewerber anwendbar sind, die nur in Ländern
ohne solche Anforderungen tätig sind oder die Stoffe nicht verwenden;
– Wettbewerber, die über niedrigere Produktions- oder Lieferkosten (aufgrund der
  geografischen Lage, Währungsschwankungen oder aus anderen Gründen) oder größere
Produktions- und Montagekapazitäten verfügen, die es ihnen ermöglichen können,
  aggressiver mit Rabatten und niedrigeren Preisen zu konkurrieren, oder die erfolgreicher sind,
  ihr Angebot, ihre Marke und ihr Image auf dem Markt anzupreisen;
– neue Marktteilnehmer mit hohen finanziellen Ressourcen.

**Strategie** – Das zukünftige Wachstum und der Erfolg des Targets hängen von der Fähigkeit ab,
die vom Management festgelegte Geschäftsstrategie erfolgreich umzusetzen. Es kann nicht
garantiert werden, dass das Target erfolgreich Marktzutritt erhält oder neue Technologien oder
Produkte entwickelt, die von den Kunden des Targets angenommen werden.

**Rechtliche Risiken und geistiges Eigentum** – Das Target ist potenziellen Produkthaftungs- und
Gewährleistungs- oder Garantieansprüchen ausgesetzt. Darüber hinaus könnte es einen
wesentlichen negativen Einfluss auf die Geschäftstätigkeit, die Finanzlage und die Ertragslage
des Targets, seinen Ruf oder seine Entwicklungsperspektiven haben, wenn das Target nicht in
der Lage ist, seine Rechte an geistigem Eigentum zu schützen oder wirksam durchzusetzen.

**Schlüsselpersonenrisiko** – Die Fähigkeit zur Geschäftsführung und zur Umsetzung der
Wachstumsstrategie des Targets hängt in hohem Maße von der weiteren Mitarbeit der beiden Gründer ab. Im Falle eines möglichen Verlusts des Schlüsselpersonals des Targets besteht das Risiko, dass Fachwissen nicht mehr zur Verfügung steht und eine angemessene Geschäftsstruktur und ein qualifiziertes Risikomanagement nicht mehr vollständig gewährleistet sind.

**Liquidität und Finanzierung** – Die Entwicklung des Targets hängt von der Fähigkeit ab, die für den operativen Betrieb und für allgemeine Unternehmenszwecke erforderlichen Mittel zu generieren, einschließlich für Forschung und Entwicklung sowie für Investitionen. Das Target kann nicht ausschließen, dass es nach dem öffentlichen Angebot zusätzliche Mittel von Banken, aus öffentlichen Emissionen oder Privatplatzierungen von Eigen- oder Fremdkapitalinstrumenten benötigt oder strategische Beziehungen oder anderen Vereinbarungen eingehen muss.

<table>
<thead>
<tr>
<th>D.2</th>
<th>Zentrale Angaben zu den zentralen Risiken, die dem Emittenten eigen sind</th>
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<tbody>
<tr>
<td>Risiken, die sich aus dem Charakter der Emittentin als Zweckgesellschaft für eine Verbriefung eines einzelnen Vermögensgegenstands ergeben – Die Emittentin ist eine Zweckgesellschaft (Special Purpose Vehicle, „SPV“), die zum Zweck des Erwerbs der Target-Beteiligung und zur Ausgabe der Genussscheine gegründet wurde. Die Target-Beteiligung ist der einzige verbriefte Vermögensgegenstand (Verbriefung eines einzelnen Vermögensgegenstands). Die Emittentin verfügt vor oder während der Emission über keine wesentlichen Aktiva. Die Emittentin wird keine Investitionen in andere Unternehmen tätigen, keine anderen Geschäfte durchführen oder in sonstiger Weise Risiken diversifizieren. Die Emittentin verfügt über keine weiteren Einnahmequellen, die die Emittentin für die Rückzahlung des von den Genussscheininhabern investierten Kapitals oder für Zahlungen an die Genussscheininhaber nutzen könnte, mit Ausnahme möglicher Erträge, die aus der erwerbenden Target-Beteiligung (z.B. Dividendenausschüttungen des Targets) oder aus einem möglichen Verkauf der Target-Beteiligung fließen. Falls aus der Target-Beteiligung kein Ertrag generiert werden kann oder dieser unter den Erwartungen liegt und/oder falls die Emittentin die Target-Beteiligung nicht zu einem ausreichenden Preis veräußern kann, kann dies dazu führen, dass der Emittentin die Mittel für Zahlungen an die Genussscheininhaber fehlen.</td>
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<td>Risiko der Insolvenz der Emittentin – Auch wenn die Emittentin nicht dazu verpflichtet ist, Zahlungen an die Genussscheininhaber zu leisten, entstehen der Emittentin Kosten, um ihren laufenden Betrieb aufrechtzuerhalten. Darüber hinaus besteht das Risiko, dass die Emittentin andere Gebühren, Auslagen oder Erstattungsansprüche, Schadenersatzansprüche oder andere Ansprüche zu bedienen hat. Solche Verbindlichkeiten können zur Insolvenz der Emittentin führen, falls die Emittentin nicht über ausreichende Mittel zur Erfüllung dieser Verbindlichkeiten verfügt.</td>
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<td>Risiko von Ansprüchen gegen die Emittentin – Die Emittentin kann mit Erstattungsansprüchen, Schadenersatzansprüchen (z.B. aus Prospekthaftung) oder anderen Ansprüchen von Genussscheininhabern oder Dritten konfrontiert sein. Wird eine Forderung gegen die Emittentin geltend gemacht, stehen zur Erfüllung dieser Forderung nur die Liquiditätsreserve und die Target-Beteiligung zur Verfügung, insbesondere die Gelder aus Gewinnausschüttungen (Dividendenzahlungen) durch das Target oder aus einem möglichen Verkauf der Target-Beteiligung.</td>
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<table>
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<tr>
<th>D.6</th>
<th>Zentrale Angaben zu den zentralen Risiken, die den Wertpapieren eigen sind</th>
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</table>
Target, die erwirtschafteten Überschüsse überwiegend zur Steigerung des Unternehmenswertes zu reinvestieren und damit in absehbarer Zeit keine Dividende auszuschütten. Damit aus dem Verkauf der Beteiligung der Emittentin am Target ein Gewinn erzielt werden kann, muss das Target in der Lage sein, seinen Unternehmenswert zu steigern. Ob dies der Fall sein wird, ist ungewiss. Der von der Emittentin zu erzielende Verkaufspreis hängt einerseits von der wirtschaftlichen Entwicklung des Targets selbst und andererseits von der allgemeinen wirtschaftlichen Entwicklung ab.


Verlustrisiko durch eine Kündigung der Genussscheine – Im Falle einer Kündigung durch die Genussscheineinhaber kann die Emittentin gezwungen sein, die Target-Beteiligung abzuschreiben oder kurzfristig zu Bedingungen zu verkaufen, die nicht dem tatsächlichen (Markt-)Wert der Target-Beteiligung zu diesem Zeitpunkt entsprechen.


Unbesicherte Genussscheine – Die Genussscheine sind unbesichert. Im Falle einer Insolvenz der Emittentin stehen die Genussscheineinhaber allen anderen unbesicherten Gläubigern der Emittentin gleich. Im Falle einer Insolvenz der Emittentin besteht ein erhebliches Risiko, dass die Genussscheine an Wert verlieren, bis hin zu einem Totalverlust des Wertes der Genussscheine.


Risiko einer Neubewertung in Bezug auf die Besteuerung der Genussscheine – Es besteht die Gefahr, dass Steuerbehörden die Auffassung vertreten könnten, dass die Genussscheininhaber als Gesellschafter der Emittentin gelten und dass die aus dem Target resultierenden Erträge (Dividenden oder Wertsteigerungen) direkt den Genussscheininhabern zugerechnet werden können. Dies kann zu höheren als erwarteten Steuerzahlungen und/oder zu möglichen Steuernachzahlungen der Genussscheininhaber führen.

Abschnitt E — Angebot

<table>
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<tr>
<th>E2b</th>
<th>Gründe für das Angebot, Zweckbestimmung der Erlöse, sofern diese nicht in der Gewinnerzielung und/oder der Absicherung bestimmter Risiken liegt.</th>
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</table>

Die Emittentin beabsichtigt, den Erlös aus der Emission der Genussscheine (in Höhe von bis zu EUR 5.000.000,00) für den Erwerb der Target-Beteiligung zu verwenden. Übersteigt der Emissionserlös das Mindestfinanzierungsvolumen (EUR 500.000,00), nimmt die Emittentin an einer Kapitalerhöhung durch das Target teil und zeichnet junge Geschäftsannteile (nach niederländischem Recht). Die Emittentin ist berechtigt, bis zu 146 Geschäftsannteile des Targets (entsprechend einer Beteiligung an dem Target im Umfang von bis zu 12,74 % nach Abschluss dieser Transaktion) auf der Grundlage einer Bewertung in Höhe von EUR 33.361,00 je Geschäftsanteil (der „Emittentenbezugspreis“) zu erwerben. Dieser Preis spiegelt eine Pre-Money-Bewertung (d.h. eine Unternehmensbewertung vor Durchführung des Investments der Emittentin) des Targets in Höhe von EUR 33.361.000,00 wider. Wird das Mindestfinanzierungsvolumen nicht erreicht, werden die Zeichnungsverträge (zwischen den Anlegern und der Emittentin) und die Beteiligungsvereinbarung (zwischen der Emittentin und dem Target) nicht wirksam. In diesem Fall werden die Genussscheine nicht ausgegeben, bereits geleistete Zahlungen von Anlegern an die
Emittentin werden zurückerstattet und die Emittentin wird nicht Gesellschafter des Targets.


Der gesamte verbleibende Emissionserlös (d.h. 98 % oder bis zu EUR 4.900.000,00) wird von der Emittentin zum Erwerb der Target-Beteiligung verwendet. Die Emittentin trägt keine Transaktionskosten und Angebotskosten; diese werden vom Target getragen. Der Nettoemissionserlös ist somit identisch mit dem Emissionserlös.

E.3 Beschreibung der Angebotskonditionen.


E.4 Beschreibung aller für die Emission/das Angebot wesentlichen, auch kollidierenden Beteiligungen.


Darüber hinaus haben das Target und der Plattformbetreiber eine Projektvereinbarung abgeschlossen. Diese regelt Unterstützungs- und Koordinierungsleistungen, die der Plattformbetreiber außerhalb der regulierten Tätigkeit der Anlagevermittlung für das Target erbringt.


E.7 Ausgaben, die dem Anleger vom Emittenten oder Anbieter in Rechnung gestellt werden.

Die Genussscheine werden zu 100 % des Nennbetrags (je EUR 500,00) ausgegeben. Kosten und Abgaben werden dem Zeichner bei der Emission nicht in Rechnung gestellt.
B. RISK FACTORS

Investing in the Notes involves a high degree of risk. Noteholders may lose the value of their entire investment or a significant part thereof. In deciding whether to purchase Notes, investors should carefully consider the following risk factors. Any of the following risks could have a material adverse effect on the value of the Notes and/or on the Issuer. In the event of an insolvency of the Target and/or the Issuer, there is a significant risk that the Notes may lose value, up to and including a total loss of the value of the Notes.

This Prospectus does not describe all of the risks and investment considerations associated with the purchase of the Notes and is provided as general information only. The Issuer believes that the following factors may affect the return that investors achieve under the Notes. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the Notes are also described below. Additional risks and uncertainties not presently known to the Issuer and/or the Target or that the Issuer currently believes to be immaterial could also have a material impact on the Issuer’s and/or the Target’s business operations. Prospective Noteholders should also read the detailed information set out elsewhere in this Prospectus and come to their own conclusions prior to making any investment decision.

Prospective investors should carefully review and consider these risk factors before deciding to purchase Notes of the Issuer. Prospective investors should carefully review and consider all information provided in or incorporated by reference into this Prospectus and consult with their own professional advisers (including their financial, accounting, legal and tax advisers, etc.). In addition, investors should be aware that the risks described may combine and thus intensify one another.

The order in which the risks are described neither indicates the probability of their occurrence nor the gravity or significance of the individual risks nor the scope of their financial consequences. Investing in the Notes could involve additional risks and uncertainties of which the Issuer and the Target are not presently aware. Such risks and uncertainties could also affect the business operations of the Issuer and/or the Target as well as their financial condition and results of operations.

1. Risks relating to the Issuer (SPV)

Risks deriving from the Issuer's nature as a special purpose vehicle for a single-asset securitization

The Issuer is a securitization special purpose vehicle ("SPV") that has been established solely for the purpose of obtaining and holding the equity shareholding in the Target (the "Target Shareholding") and issuing the Notes. The Target Shareholding is the only securitized asset (single-asset securitization). The Issuer does not own any material assets before or during the issue. The Issuer will not make investments in other companies, conduct other business or implement any other form of risk diversification. The Issuer has no other sources of income that the Issuer could use for repaying the investment or for making payments to the Noteholders apart from possible proceeds that derive from the Target Shareholding to be acquired (e.g. dividends distributed by the Target) or from a possible sale of the Target Shareholding. If proceeds from the Target Shareholding fail to materialize or are lower than expected and/or if the Issuer fails to sell the Target Shareholding at a sufficient price, this may result in the Issuer lacking the funds for payments to the Noteholders.
The ability of the Issuer to make payments to the Noteholders therefore depends to a large extent on the Target, its business prospects and its net assets, financial position and results of operations as well as the ability of the Target to increase its enterprise value.

**Risk of the Issuer’s insolvency**

While the Issuer is under no obligation to make payments to the Noteholders (cf. “Risks relating to the financial instrument”, below), the Issuer will incur costs in order to maintain its ongoing operations. In addition, there is a risk that the Issuer will have to pay other fees, out-of-pocket expenses or be subject to reimbursement claims, claims for damages or other claims. Such obligations could lead to the Issuer’s insolvency if the Issuer does not have sufficient funds to meet them.

The Issuer will retain 2 % of the proceeds of the issuance of the Notes as a Liquidity Reserve. In addition, part of the Issuer’s investment in the Target will be used to cover transaction costs. The Issuer will pay the amount of its investment in the Target only to the Target itself to the extent that the funds are not required to cover the initial and ongoing transaction costs of the offer for the first five years after the Issuance (including costs that the Issuer incurs but the Target is obliged to compensate the Issuer for, e.g. placement fees, paying agent/securities processing fees, fees for investor relations services and other costs of maintaining the Issuer’s operations, such as management and bookkeeping costs). The Issuer will use these retained funds to settle the Target’s respective liabilities vis-à-vis the Issuer and the service providers involved during the first five years.

After the first five years the Target is obliged to make payments to the Issuer that cover these costs. If the Issuer does not receive such payments and/or does not receive sufficient amounts and/or does not receive dividend distributions from the Target and/or is subject to other claims that are not covered by the funds available to the Issuer, the Issuer may be forced to use its Liquidity Reserve for maintaining its operations. After the Liquidity Reserve is used up, the Issuer may run out of the funds necessary to maintain its ongoing operations. This may lead to the Issuer’s insolvency which would involve a significant risk that the Notes may lose value, up to and including a total loss of the value of the Notes.

**Risk of claims asserted against the Issuer**

The Issuer may be subject to reimbursement claims, claims for damages (e.g. arising from prospectus liability) or other claims by Noteholders or third parties. If a claim is filed against the Issuer, the only assets available to meet such claim would be the Liquidity Reserve and the Target Shareholding, more specifically the monies derived from distributions of profit (dividend payments) by the Target or from a possible sale of the Target Shareholding.

If the Issuer is ordered to make a payment, the Issuer may be forced to sell shares in the Target. If a sale is not possible, not possible in time or not at a sufficient price, this could have a material adverse effect on the Issuer and, thus, on the value of the Notes and/or the amount of payments under the Notes. In the event of the Issuer’s insolvency, there is a significant risk that the Notes may lose value, up to and including a total loss of the value of the Notes.

**Dependency on cooperation partners and service providers**

The Issuer’s operations depend, among other things, on a functioning cooperation with third parties, in particular the Participation Holder, the Issuer’s Manager and the Platform Operator. If there are problems with the cooperation with third parties, or if any of the cooperation partners should become insolvent or cease their business activities, this may have a negative effect on the Notes.
2. Risks relating to the financial instrument ("Notes")

Risk of total or significant loss

An investment in the Notes is an entrepreneurial investment involving a high degree of risk. By subscribing to the Notes, investors provide the Issuer with capital that is committed for the long term, reinvested by the Issuer in a risky manner and subject to loss participation. Noteholders may lose the value of their entire investment or a significant part thereof.

Notes are suitable investments only for investors of adequate financial means and the required knowledge and experience in financial and business matters to evaluate the merits and risks of an investment in the Notes. If an investor cannot afford to lose all of his money invested in Notes, such investor should not invest in the Notes.

The Notes do not represent payment obligations of the Issuer

Noteholders have no claim to interest or repayment of the invested amount. The Notes are profit and loss participating certificates of the Issuer. The Noteholders either participate in the Issuer’s net surplus or receive a loss allocation in a given financial year.

As the Issuer’s assets consist solely of its shareholding in the Target, the Issuer’s profit depends completely on the income generated by the Issuer from possible distributions of profit (dividend payments) by the Target or from a possible sale of its shareholding in the Target.

If the Issuer can generate such income is uncertain. As a young growth company, the Target intends to mainly reinvest any surpluses generated in order to increase its enterprise value. The Target therefore intends not to pay a dividend in the foreseeable future. In order for a profit to be generated from the sale of the Issuer’s shareholding in the Target, the Target must in the meantime be able to increase its enterprise value. The selling price to be achieved by the Issuer depends, inter alia, on the economic development of the Target itself and on the general economic development.

Limited recourse

The Notes are limited recourse obligations of the Issuer. Claims in respect of the Notes are limited to the proceeds received by the Issuer from the Target or from a sale of the Target Participation after the deduction of any applicable expenses. The payments made under the Notes will be completely dependent on the income generated by the Issuer from distributions of profit (dividend payments) by the Target or from a possible sale of the Target Shareholding.

Due to the limited recourse nature of the Notes, there is no certainty that the investors will receive any amounts payable under the Notes. To the extent that the distributions of profit (dividend payments) by the Target or from a possible sale of the Target Shareholding are not sufficient, the Issuer will not be able to make payments under the Notes or to repay the investment.

Also in the event of a termination of the Notes, Noteholders will only receive the amount which, after profit and loss allocation and after deduction of the Issuer’s obligations (including a possible profit participation due to the Platform Operator) is attributable to the Notes held by them.

Long-term investment

The Notes represent a long-term investment. The Notes will be issued for an indefinite period. Regular termination (ordentliche Kündigung) by both parties is not permitted until the end of the 2033 financial year at the earliest. In addition, termination by the Noteholders only becomes effective if a quorum of 25 % of Noteholders gives notice of termination. Therefore, an individual Noteholder may not be able
to effectively terminate the Notes although he intends to do so. As a result, the invested funds may be committed for longer than the Noteholder may wish.

**Risk of losses due to a termination of the Notes**

In the event of termination by the Noteholders, the Issuer may be forced to write off the Target Shareholding or to sell it at short notice on terms that do not reflect the actual (fair) value of the Target Shareholding at that time. This could lead to a lower distribution to the Noteholders than they would have received in the event of a later termination or in the event of a sale of the Target Shareholding that takes place independent of a termination of the Notes. The Issuer could incur a loss in which Noteholders would participate, i.e. their pro rata claim to payment would be reduced by this loss.

**Optional redemption by the Issuer**

The Issuer is entitled to terminate the Notes with a notice period of twelve months to the end of a financial year (ordinary termination) at the end of the financial year 2033 at the earliest. In the event of a redemption by the Issuer Noteholders would no longer participate in further dividend payments by the Target and/or further increases in the Target’s enterprise value.

**No membership rights**

The Notes do not grant any membership rights in the Issuer, in particular no participation or voting rights in the Issuer’s shareholders’ meeting. The Noteholders do not exercise control over the Issuer.

**Risk regarding dividend collection**

The payments made under the Notes will in particular be dependent on the income generated by the Issuer from distributions of profit (dividend payments) by the Target. In the event that the Target refuses to make profit distributions (dividend payments) the Issuer may have to assert its claims against the Target in court. Such process may be costly and time-consuming and the outcome may be uncertain due to legal uncertainties. This may result in payments from dividend distributions not being made to Noteholders at the moment such payments would be due if the Target followed its obligations. It may also result in no payments from dividend distributions being made to the Noteholders at all.

**Risks regarding a possible sale of the Target Shareholding by the Issuer**

The payments made under the Notes will also be dependent on a possible sale of the Target Shareholding.

The Issuer will not proactively initiate a sales process in respect of its Target Shareholding (neither at a given time nor under certain conditions already established).

If any other shareholder of the Target wishes to pursue an Exit opportunity and intends to transfer all or part of its shares in the Target to a third party, the Issuer will be entitled to a tag-along right under the Shareholders’ Agreement, i.e. a right to sell along and transfer its shares on a pro rata basis at identical terms. If other shareholders of the Target approach the Issuer with a purchase offer that potentially affects so many shares in the Target (with or without consideration of the Target Shareholding held by the Issuer) that the completion of this transaction would result in a change of control of the Target (i.e. a transfer of the majority of the shares and/or the majority of the voting rights), the Issuer is obligated under the Notes’ terms and conditions to initiate a resolution of the Noteholders as to whether the Issuer wishes to participate in such transaction and sell all or part of the Target Shareholding at the terms suggested by the other shareholders. It is possible that a Noteholder will be outvoted in such a vote. This would result in the Issuer selling the Target Shareholding at less favorable terms than the individual Noteholder would be willing to accept. Even in this case, the
Noteholder would only participate pro rata in the actual profit that can be generated by this transaction at the level of the Issuer.

**Risk of amendment of the Shareholders’ Agreement**

The Shareholders’ Agreement concluded between the Issuer and the Target’s other shareholders may be amended by mutual agreement of the Target’s shareholders, e.g. in the context of future financing rounds. Under the Notes’ terms and conditions, the Issuer may only give its consent to such amendment of the Shareholders’ Agreement on the basis of a majority vote of the Noteholders. In addition, every cancellation, amendment or renewal of the existing Shareholders’ Agreement or any other agreement relating to the Target, the Issuer’s Target Shareholding and the exercise of any rights attaching thereto is only permissible on the basis of a majority vote of the Noteholders.

It is possible that a Noteholder will be outvoted in such a vote. This would result in the Issuer agreeing amendments to the Shareholders’ Agreement or other agreements relating to the Target at less favorable terms than the individual Noteholder would be willing to accept.

**Risk regarding the validity and enforceability of the Issuer’s legal position under the Shareholders’ Agreement**

The relationship between the Issuer, the Target and all other shareholders of the Target is governed, inter alia, by the Target’s articles of incorporation and the Shareholders’ Agreement that the Issuer, the Target and all other present shareholders of the Target have concluded. The Shareholders’ Agreement contains, inter alia, specific provisions as to the exercise of voting rights in shareholders’ meetings of the Target and other shareholders’ rights as well as rights relating to a possible sale of the Target Shareholding. There is a risk that the legal position of the Issuer under this agreement is not respected by the Target and/or other shareholders of the Target or is not enforceable (e.g. if the Target itself or other shareholders of the Target do not honor the Issuer’s rights). In that case, the Issuer may have to assert its rights against the Target and/or other shareholders in court. Such process may be costly and time-consuming and the outcome may be uncertain due to legal uncertainties. This may result in payments under the Notes not being made to Noteholders at the moment such payments would be due if the Target and/or other shareholders followed their obligations. It may also result in no such payments being made to the Noteholders at all.

**Unsecured Notes**

The Notes are unsecured. In the event of an insolvency of the Issuer, the Noteholders will rank equally with all other unsecured creditors of the Issuer. In the event of an insolvency of the Issuer, there is a significant risk that the Notes may lose value, up to and including a total loss of the value of the Notes.

The Notes are not obligations or responsibilities of, or guaranteed by any other person or entity. For the avoidance of doubt, none of the Participation Holder, the Issuer’s Manager, or any other person has any obligation to any Noteholder for payment of any amount by the Issuer in respect of the Notes. There is no person that guarantees to the Noteholders that they will receive any payments under the Notes.

**Risks associated with the reversal of the issue**

In the event that the issue has to be cancelled or reversed (e.g. in case that Notes in an aggregate amount of less than EUR 500,000.00 are subscribed for, the “Minimum Subscription Volume”), an investor may not dispose of the Notes subscribed for until the paid-up capital has been reimbursed, and in particular may not use the funds invested for the purpose of another capital investment. As a
result, the invested funds may be committed for longer than the investor may wish, without the investor being able to generate a return from this.

**Liquidity**

No secondary market for the Notes currently exists. A listing of the Notes is not intended. While a sale of the Notes is generally permissible, it is not certain that the Notes can actually be sold due to the small size of the market and presumably low trading activity in the Notes.

Therefore, Noteholders may not be able to liquidate their investment in the Notes or transfer the Notes for a substantial period of time, if at all. Investment in the Notes is therefore only suitable for investors who are capable of bearing the economic risk of an investment in the Notes for an indefinite period of time and are not acquiring the Notes with a view to a potential resale, distribution or other disposition at some future date.

**Risk of re-characterization with respect to the taxation of the Notes**

In view of the fact that the concept of the Notes was not subject of a binding ruling (Verbindliche Auskunft) or a tax audit (Betriebsprüfung) so far, there is a risk that the tax authorities take a different tax view than outlined in this Prospectus. Especially, it cannot be ruled out that the tax authorities might be of the opinion that the Noteholders qualify as partners of the Issuer and that income deriving from the Target (dividends or capital gains) is directly allocable to the Noteholders. This might result in higher tax payments due than anticipated and/or can lead to possible additional tax payments by the Noteholders, which the Noteholders must make at a later date.

Potential investors should consult their professional tax advisor before deciding whether to buy Notes pursuant to this Prospectus.

3. **Risks relating to Surge-on Medical B.V. ("Target")**

If any of the risks described below were to materialize, this could have a material adverse effect on the Target's business, financial condition and/or results of operations or prospects. As a result, the Target may not be able to distribute profits (make dividend payments) to the Issuer and/or the Target may not be able to increase its enterprise value and the Issuer may not be able to gain a profit from a possible sale of the Target Shareholding. This may adversely affect the timing and amount of payments under the Notes or may result in no payments being made to the Noteholders at all. In addition, the Target and/or the Issuer could become insolvent. This would involve a significant risk that the Notes may lose value, up to and including a total loss of the value of the Notes.

**Neither the Issuer, the Issuer's Manager, the Participation Holder, the Placement Agent nor the Platform Operator have reviewed the overall performance, operations and financial condition of the Target or any other conditions of the Target at the time of the issue date and do not guarantee or make any recommendations or warranties, in any form, as to the suitability of any investment, including through purchase of the Notes, the performance of which is dependent on the Target or any of its operations.**

**Risk of the Target's insolvency**

The Target may become insolvent or overindebted. This may in particular be the case if the Target has lower revenues and/or higher expenses than expected or if it is unable to raise any necessary follow-on financing. In the event of an insolvency of the Target and/or the Issuer, there is a significant risk that the Notes may lose value, up to and including a total loss of the value of the Notes.
**Equity risk**

The Issuer will place the invested capital at the disposal of the Target in the form of equity capital. Equity capital is permanently committed and is subject to loss sharing. In a possible liquidation or insolvency of the Target, its equity capital serves as liable capital, i.e. it is used primarily to satisfy the claims of the Target’s creditors. If the equity at the level of the Target is consumed by losses, this could have a material adverse effect on the value of the Notes and/or on the Issuer. In the event of an insolvency of the Target and/or the Issuer, there is a significant risk that the Notes may lose value, up to and including a total loss of the value of the Notes.

**No membership rights**

The Notes do not grant any membership rights in the Target, in particular no participation or voting rights in the Target's shareholders' meeting. Noteholders thus have no direct means of influencing the realization of the entrepreneurial risk they share. In particular, they do not have the possibility to terminate unprofitable business activities at the level of the Target before the invested capital has been used up. In the event of an insolvency of the Target and/or the Issuer, there is a significant risk that the Notes may lose value, up to and including a total loss of the value of the Notes.

**Development and introduction of new products**

The Target’s ability to maintain and improve its market position depends on the successful development, introduction and commercialization of its products, systems and services and the Target’s ability to enhance the existing technology.

This is particularly challenging given that the Target’s products and services are at the cutting edge of existing technologies and medical advances. The products have long development and approval cycles, which require, as a result, to accurately anticipate changes in the marketplace, in technology and in customer demands. Developing new technologies and enhancing existing technologies may require significant investment in research and development, clinical trials and numerous country-specific regulatory approvals.

The results of the Target’s efforts to develop products and its ability to commercialize new and enhanced technologies may be affected by a number of factors, including the ability to accurately anticipate customer needs, innovate, and develop new products, obtain necessary regulatory approvals in a timely manner, secure reimbursement, manufacture products in a cost effective manner, obtain appropriate and geographically widespread intellectual property protections and rights for the Target’ products, and gain and maintain market acceptance for them.

There can be no assurance that any products currently in development, or those the Target seeks to develop in the future, will achieve technological feasibility, obtain required regulatory approvals or import permits or gain market acceptance.

If the Target is unable to gain market acceptance for its products, or delay in the development or approval of any new product or technology, this may adversely impact the Target’s ability to fund its operations or to achieve new funding for further product developments.

The Target’s ability to successfully develop and introduce new products or enhance existing products, and to generate revenues, depends on the ability to, among other things:

- properly identify customer needs and long-term customer demands and market trends;
- demonstrate the clinical, operational and/or financial benefit of new products;
- timely obtain regulatory approval for selling products to different markets;
- market and sell the products competitively and profitably;
• manufacture, deliver and install the products in sufficient volumes on time, and accurately predict and control costs associated with manufacturing, installation, warranty and maintenance;
• manage customer acceptance and payment for products.

The Target provides no assurance that it will be able to successfully develop, manufacture or introduce new products, or enhancements thereto, the roll-out of which involves compliance with complex regulatory requirements for quality management systems, including, but not limited to, the European Union (“EU”) conformity assessment requirements, the Quality System Regulation (“QSR”) of the U.S. Food and Drug Administration (“FDA”) and requirements imposed by authorities in other regions the Target intends to sell its products to. Failure to fulfill these requirements in a timely and efficient manner could result in delays that could affect the Target's ability to sell its products or to retain customers, as insufficient or inadequate compliance with such regulatory requirements may lead to market access restrictions, even including after receipt of regulatory approvals and introduction of new products.

The Target may need to spend more time and/or money than anticipated to develop and introduce new products. Even if new products gain market acceptance they may not be sufficiently profitable to enable the Target to recover all or a meaningful part of the investment necessary for the development of a product.

Each of these factors could have a material adverse effect on the economic development of the Target and therefore also on the Notes.

**Early-stage company**

The Target is an early-stage company with limited operating and performance history. The financing of such a young company involves specific risks. If a business idea is not successful in the market or if the planned business development cannot be implemented as expected, there is a total loss risk for investors in the Target (including the Issuer and, as indirect investors in the Target, the Noteholders). Investors may not have sufficient historical information to serve as a basis for making a more informed investment decision. Prospective Noteholders should be aware that investors who invest in an early stage company are more likely to lose their invested capital than to earn a return on their invested capital.

**Risks related to the Target’s dividend policy and/or enterprise value**

As a young growth company, the Target intends to mainly reinvest any surpluses generated in order to increase its enterprise value. The Target therefore intends not to pay a dividend in the foreseeable future. In order for a profit to be generated from the sale of the Issuer's shareholding in the Target, the Target must be able to increase its enterprise value. If this will be the case is uncertain. The selling price to be achieved by the Issuer depends, inter alia, on the economic development of the Target itself and on the general economic development.

**Market and competition**

The Target's revenue and profit depend substantially on the volume and timing of customer orders, which are difficult to forecast with a degree of certainty. Any decline or lower than expected growth in the global healthcare market or important regional or local markets in which the Target is active could diminish demand for the products, which could have a material adverse effect on the Target's business, financial condition and results of operations or prospects. In addition, demand for products also depends on customers’ capital spending budgets and cycles as well as government funding policies. Matters of public policy and government budget dynamics as well as product and economic cycles can affect the spending decisions of these customers. Furthermore, demand for the offered
products is also sensitive to changes in customer order patterns, which may be affected by patients’ access to healthcare generally, changes in healthcare providers’ reimbursement levels and new product introductions, among other things.

Healthcare markets are characterized by rapidly evolving technology, intense competition and pricing pressure. To compete successfully, the Target must provide technologically superior, proven products that deliver more precise, cost-effective, high quality clinical outcomes, in a compelling package of products and services, and do so before competitors.

The ability to compete successfully may be adversely affected by a number of factors, such as:

- the introduction of new products or product improvements or enhancements by competitors, including products that could substitute the Target’s products;
- failure to build and maintain relationships with customers, distributors and business or cooperation partners due to compliance requirements, an inability to extend or renew such partnerships or any other reason;
- blocking or otherwise adversely impacting intellectual property rights of others;
- increased restrictions on the use of and inclusion of certain raw materials, chemicals and other substances in the manufacture or use of certain of the Target’s products and which may not be applicable to competitors active only in countries without such restrictions or which do not utilize such;
- Competitors who have lower production or delivery costs (due to geographic location, currency fluctuations or otherwise) and larger production and assembly capacity, which may enable them to compete more aggressively in offering discounts and lower prices, or are more successful in promoting their offering, brand and image in the market;
- Competitors who are more successful in promoting their offering, brand and image in the market;
- a failure to acquire businesses and technologies that complement or expand the Target’s existing businesses;
- new market entrants with substantial financial resources.

Existing competitors’ actions and new entrants may materially and adversely affect the Target’s ability to compete. These competitors could develop technologies, solutions or products that are more effective or easier to apply than those of the Target or that render the Target’s technologies, solutions or products less competitive. The timing of competitors’ introduction of products and solutions into markets could also affect the Target’s market acceptance and market share. In addition, some of the Target’s competitors may not be subject to the same standards, regulatory and other legal requirements or enforcement rigor to which the Target is subject or may not maintain the same internal standards the Target does, and therefore, may have a competitive advantage in developing, manufacturing and marketing products and services. Any inability to develop, gain and maintain regulatory approvals for and supply commercial quantities of competitive products to the markets as quickly and effectively as the Target’s competitors could limit market acceptance of the Target’s products and services. Any of these competitive factors could negatively affect the Target’s pricing, margins and market share and have a material adverse effect on the Target’s business, financial condition and results of operations or prospects. This could also have a material adverse effect on the

**Strategy**

The Target’s future growth and success depend on the ability to implement the Target’s management’s business strategies successfully. There can be no assurance that the Target will be
successful in entering markets or in developing new technologies or products that have valuable applications in these markets for the Target’s customers.

The Target depends on third party sales agents, distributors and resellers for its global sales activities. A significant majority of the Target’s revenue is intended to be generated through external sales and distribution channels. Therefore the Target relies almost exclusively on third party agents, distributors and resellers. As a result, maintaining relationships with third party sales and distribution partners is critical to business. In addition, the failure of third party agents, distributors and resellers to perform and satisfy their contractual obligations or establish and comply with applicable laws and regulations, among other things, may have a material adverse effect on the Target’s business.

The Target’s production and assembly processes depend on the availability and timely supply of components, products and services from third-party suppliers. The reliance on third parties adds additional risks to the manufacturing process and service commitments that are beyond the Target’s control. The failure of suppliers to deliver in a timely manner could impair the Target’s ability to develop and produce and deliver products in a timely manner, or may require to find new suppliers or service providers at an increased cost and with delay in production or supply. This could have an adverse effect on the economic development of the Target and therefore also on the Notes.

Legal risks and intellectual property

The Target develops and sells products that are at the cutting edge of existing technologies and medical advances and are used while performing a surgery. As a result, the business exposes the Target to potential product liability and warranty or guarantee claims. Customers or their patients, among others, may bring product liability and warranty or guarantee claims in the event that the Target’s products fail, or allegedly fail, to perform as expected, show a failure rate which is higher than expected (in particular as new product or solution developments may relate to new technologies), or the use of the Target’s products or solutions results, or is alleged to result, in bodily injury. Product and other liability actions, claims or injunctions are subject to significant uncertainty and may be expensive, time-consuming, and disruptive to operations. For these and other reasons, the Target may choose to settle product liability claims and other liability actions, regardless of their actual merit. If a product liability action or other liability action or injunction were finally determined against the Target, it could result in significant damages and reputational harm, including the possibility of punitive damages, and the financial position, results of operations and cash flows could be materially and adversely affected.

The Target places considerable emphasis on obtaining relevant intellectual property rights, which include patents, designs, trademarks, know-how, domains and copyrights for the Target’s assets (“IPR”). The laws of many jurisdictions, including emerging countries, may not adequately protect the Target’s IPR to the same extent as the laws of some countries within the EU and of the United States. If the Target cannot adequately secure protection of the Target’s IPR in these countries, the Target’s competitors may be able to compete more successfully against the Target, which could have a material adverse effect on the Target’s business, financial condition and results of operations, reputation or prospects.

There is a substantial amount of litigation over IPR in the industry in which the Target operates. Competitors may review the Target’s activities for possible conflicts with their own IPR. In addition, non-practicing entities may review the Target’s activities for conflicts with IPR they hold. Determining whether a product infringes a third party’s IPR involves complex legal and factual issues, and the outcome of this type of litigation is often uncertain and inconsistent, particularly across various jurisdictions. Third parties may claim that the Target is infringing their IPR. The Target may not be aware of infringing on IPR of others that relate to its products or technologies.
The Target also significantly relies on trade secrets and proprietary know-how with which it seeks to protect its technology, products, systems and services and/or their manufacture, in part, by confidentiality agreements with the Target’s suppliers and other partners, employees and consultants. These agreements may be breached, and the Target may not have adequate remedies for any breach. In addition, there is no guarantee that these agreements or other precautions will provide sufficient protection in the case of any unauthorized access or use, misappropriation or disclosure of such information or technology. Defending against any unauthorized access or use, misappropriation or disclosure of the Target’s technology, trade secrets, proprietary know-how, and other intellectual property and technology may result in lengthy and costly litigation or administrative proceedings with uncertain outcome and cause significant disruption to the Target’s business and operations.

If the Target is unable to protect or effectively enforce its IPR, this could have a material adverse effect on the Target’s business, financial condition and results of operations, reputation or prospects. This could therefore also have a material adverse effect on the Notes.

**Compliance and risk management**

The Target’s compliance and risk management systems may prove to be inadequate to prevent and discover breaches of laws and regulations and to identify, evaluate and take appropriate countermeasures against relevant risks. This could lead to reputational risks and/or legal risks realizing and/or claims being asserted against the Target. Each of these factors could have an adverse effect on the economic development of the Target and therefore also on the Notes.

**Foreign currencies**

The Target is exposed to currency fluctuation when it has to convert currencies that it may receive for products into currencies required to repay its indebtedness, purchase materials, meet fixed costs or pay for services or supplies, which could result in a gain or loss depending on fluctuations in exchange rates. This could have an adverse effect on the economic development of the Target and therefore also on the Notes.

**Personnel, key person risk**

The ability to operate the business and implement the Target’s growth strategy depends, to a significant degree, on the continued contributions of the two Target founders. In addition, future growth and success also depend on the Target’s ability to attract, recruit, develop and retain qualified personnel.

In the event of a possible loss of the Target’s key personnel, there is a risk that expertise may no longer be available and that qualified business structure and risk management may no longer be fully guaranteed. The loss of such persons could have an adverse effect on the economic development of the Target and therefore also on the Notes.

**Liquidity and financing**

The Target’s development depends on the ability to finance working capital requirements and generate funds for general corporate purposes, including research and development and capital expenditures. The Target cannot rule out that, following the offering, it may decide or be required to obtain additional financing from banks, public offerings or private placements of debt or equity securities, strategic relationships or other arrangements. If the Target cannot acquire sufficient capital to meet its financing needs, this could have a material adverse effect on the Target itself, the value of the Notes and/or on the Issuer. In the event of an insolvency of the Target and/or the Issuer, there is a significant risk that the Notes may lose value, up to and including a total loss of the value of the Notes.
Forecast risk

The forecasts regarding the costs of implementing the corporate strategy, the achievable earnings and other aspects may prove to be inaccurate. This might have an adverse effect on the economic development of the Target and therefore also on the Notes.

IT risks

Many aspects of the Target's operations are dependent on the Target's information technology systems and the information collected, processed, stored and handled by these systems. This includes the Target's own technical, business and medical information, including data of the Target's customers and partners. Security measures and software implemented to protect data and information from unauthorized access may not be effective in fully securing this data and information, particularly since techniques used to obtain unauthorized access, or sabotage systems, change frequently and generally are not recognized until launched against a target.

A cybersecurity attack or security breach could disrupt and/or divert access to the Target's, its customers' or partners' stored information, and could lead to the loss of, damage to or unauthorized disclosure of such information (including technology) or the Target's customers' or partners' stored information. Such an event could have a material adverse effect on the Target's business, financial condition and results of operations, reputation or prospects. This could have a material adverse effect on the economic development of the Target and therefore also on the Notes.

In addition, compliance with changes in privacy and information security laws and standards may result in considerable unanticipated expense due to increased investment in technology and the development of new operational processes.
C. RESPONSIBILITY STATEMENT

Endoscopy Innovations Invest GmbH & Co. KG, with its registered seat in Hannover, Germany, registered with the commercial register (Handelsregister) of the local court (Amtsgericht) of Hannover, Germany under HRA 204738 (the "Issuer"), hereby assumes responsibility for the contents of the prospectus (the "Prospectus") pursuant to Section 5 para. 4 of the German Securities Prospectus Act (Wertpapierprospektgesetz, "WpPG") and declares that the information contained in the Prospectus is, to the best of its knowledge, correct and contains no material omissions.

In addition, Surge-on Medical B.V., with its registered seat in Delft, the Netherlands, registered under registration number RSIN 855297888 (the "Target") hereby assumes responsibility for the contents of the section of this Prospectus headed “J. Description of the Target (Start-up)” pursuant to Section 5 para. 4 of the German Securities Prospectus Act (Wertpapierprospektgesetz, "WpPG") and declares that the information contained in this section of this the Prospectus is, to the best of its knowledge, correct and contains no material omissions.


No person has been authorized to give any information or to make representations other than those contained in this Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representations must not be relied upon as having been authorized by the Issuer, the Target or any other party to the securitization program.

Neither the delivery of this Prospectus nor any sale made in connection with this Prospectus shall at any time imply that the information contained in this Prospectus is correct at any time subsequent to the date of this Prospectus, or that any further information supplied in connection with the Notes is correct as of any time subsequent to the date indicated in the document containing the same. The information contained in the Prospectus will not be updated subsequent to the date hereof except for any significant new event or significant error or inaccuracy relating to the information contained in the Prospectus that may affect an assessment of the securities and occurs or comes to light following the approval of the Prospectus but before the completion of the public offering. These updates must be disclosed in a prospectus supplement in accordance with Section 16 para. 1 sentence 1 WpPG.

If any claims are asserted before a court of law based on the information contained in the Prospectus, the investor appearing as plaintiff may have to bear the costs of translating the Prospectus prior to the commencement of the court proceedings pursuant to the national legislation of the member states of the European Economic Area (the "EEA").

Neither this Prospectus nor any other information supplied in connection with the Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer, the Target or any other party to the securitization program that any recipient of this Prospectus or any other information supplied in connection with any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the Target.
D. PLACEMENT OF NOTES / USE OF THE PROSPECTUS

The Issuer has given its consent to the use of this Prospectus by BN & Partners Capital AG ("Placement Agent") and its Tied Agent aescuvest international GmbH ("Tied Agent" or "Platform Operator") and accepts responsibility for the content of the Prospectus also with respect to the placement of the Notes by the Placement Agent and its Tied Agent in Germany and the countries in which the competent authorities have been notified of this Prospectus. The consent given to the Placement Agent and its Tied Agent is valid for 12 months from the date of approval of the Prospectus (Billigung, Section 9 para. 1 WpPG). The consent is not subject to any other objective conditions.

The Issuer has not given its consent to the use of this Prospectus to any other financial intermediary or any other third party.

During the offer period from July 22, 2019 to July 19, 2020 a final placement of securities by financial intermediaries can be made.

aescuvest international GmbH, Hanauer Landstraße 328, 60314 Frankfurt am Main, Germany acting in its capacity as Tied Agent in the name, on account of and under the liability of the Placement Agent BN & Partners Capital AG, Untermainkai 20, 60329 Frankfurt am Main, Germany, will, on behalf of the Issuer, offer the Notes via the website www.aescuvest.eu. aescuvest international GmbH as well as BN & Partners Capital AG both have permission to use the prospectus.

The Issuer has not appointed any other placement agent nor any underwriter nor any other financial intermediary for the placement or distribution of the Notes.

aescuvest international GmbH acting as Tied Agent of the Placement Agent and the Placement Agent itself will provide information to investors on the terms and conditions of the offer at the time the offer is made on the website operated by aescuvest international GmbH www.aescuvest.eu.

For purposes of the offering of the Notes by the Issuer, the Issuer intends to have this Prospectus notified to the competent authorities in accordance with the Prospectus Directive into the following countries: Austria, Denmark, Germany, the Netherlands, Sweden and the UK. In these states and in Germany aescuvest international GmbH as well as BN & Partners Capital AG may use the Prospectus for final placement.

Should any relevant new information with respect to financial intermediaries unknown at the time of the approval of the Prospectus, as the case may be, arise, that new information will be published, and be available for viewing, on the website www.aescuvest.eu.

The distribution of this Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. The Issuer does not represent that this document may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any distribution or offering. Accordingly, no Notes may be offered or sold, directly or indirectly, and none of this Prospectus, any advertisement relating to any Notes and any other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

For a description of certain restrictions on the sale and transfer of the Notes, please refer to “Transfer Restrictions” (section E.10 of this Prospectus).

aescuvest international GmbH in its capacity as tied agent of the Placement Agent, BN & Partners Capital AG, has agreed to place the Notes via the aescuvest.eu Platform operated through the
website www.aescuvest.eu. For such placement services, BN & Partners Capital AG may charge to the Issuer a placement fee based on the monthly volume of the nominal amount of Notes placed by BN & Partners Capital AG (the “Placement Fee”). A portion of the Placement Fee will be paid to aescuvest international GmbH, which acts as tied agent of BN & Partners Capital AG in connection with the placement of the Notes.

The Notes have not been and will not be registered under the United States Securities Act of 1933 (the “Securities Act”). Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to U.S. persons within the meaning of the Securities Act.
E. GENERAL INFORMATION

1. Third party information

With respect to any information included herein and specified to be sourced from a third party (i) the Issuer confirms that any such information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information available to it from such third party, no facts have been omitted the omission of which would render the reproduced information inaccurate or misleading and (ii) the Issuer has not independently verified any such information and accepts no responsibility for the accuracy thereof.


2. Forward-looking statements

This Prospectus contains certain forward-looking statements. A forward-looking statement is a statement that does not relate to historical facts and events. They are based on analyses or forecasts of future results and estimates of amounts not yet determinable or foreseeable. These forward-looking statements are identified by the use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "predict", "project", "will" and similar terms and phrases, including references and assumptions. This applies, in particular, to statements in this Prospectus containing information on future earning capacity, plans and expectations regarding Issuer's business and management, its growth and profitability, and general economic and regulatory conditions and other factors that affect it. Forward-looking statements in this Prospectus are based on current estimates and assumptions that the Issuers make to the best of their present knowledge.

The forward-looking statements contained in the Prospectus are subject to risks and uncertainties, as they relate to future events, and are based on estimates and assessments made to the best of the Issuer's and Target's present knowledge.

These forward-looking statements are based on assumptions, uncertainties and other factors, the occurrence or non-occurrence of which could cause the Issuer's and Target's actual results, including the financial condition and profitability of the Issuer and Target, to differ materially from, or fail to meet, the expectations expressed or implied in the forward-looking statements.

These expressions can be found in different sections of the Prospectus, particularly in the sections titled: "Summary", "Risk Factors", "Description of the Issuer" and "Description of the Target" and wherever information is contained in the Prospectus regarding the Issuer's and Target's intentions, beliefs, or current expectations relating to its future financial condition and results of operations, plans, liquidity, business prospects, growth, strategy and profitability, as well as the economic and regulatory environment to which the Issuer is subject.

In light of these risks, uncertainties and assumptions, future events described in this Prospectus may not occur. In addition, neither the Issuers nor the Target assume any obligation, except as required by law, to update any forward-looking statement or to conform these forward-looking statements to actual events or developments.
Moreover, it should be noted that all forward-looking statements only speak as of the date of the Prospectus and that neither the Issuer nor the Target assumes any obligation, except as required by law, to update any forward-looking statement or to conform any such statement to actual events or developments.

3. Documents available

For the period of 12 months following the publication of this Prospectus, copies of the following documents will be available for inspection free of charge during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the registered office of the Issuer, Brüsseler Straße 7, 30539 Hannover, Germany.

- The Articles of Association of the Issuer;
- the Articles of Association of the Target;
- this Prospectus;
- as soon as published, any future prospectuses, information memoranda and Supplements and any other documents incorporated herein or therein by reference;
- the Issuer’s audited financial statements for the short financial year 2018 (the “Issuer’s Financial Statements”);
- the audited financial statements of the Target of 2018 and of 2017 (together, the “Target’s Financial Statements”);
- the management reports of the Target of 2018 and of 2017.

The aforementioned documents and the Prospectus are also available on the website www.aescuvest.eu under the “Investment opportunities” section.

In addition, the aforementioned documents and the Prospectus are available on the Target’s website https://www.surge-on.nl/ under the section “About” – “The Company”.

4. Post issuance information

The Issuer does not intend to provide post-issuance information in relation to the Notes or the performance of the Target with the exception of the results of the offer which the Issuer will publicly announce on the website www.aescuvest.eu.

5. Interests of natural or legal persons involved in the issue

The interests of natural and legal persons involved in the offer are set out on detail in section F.2.

6. Authorization

The creation and issue of the Notes to be issued was authorized by the Managing Director of the Issuer on July 18, 2019 and by the Shareholders’ Meeting on July 18, 2019, respectively.

7. Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have, or have had since its incorporation on 23 November 2018, a significant effect on the financial position or profitability of the Issuer.
8. Transfer restrictions

General

The distribution of the Prospectus and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this document comes are required by the Issuer to inform themselves about and to observe any such restrictions.

The Notes will be offered by the Issuer via the Platform operated by the Platform Operator, who acts as tied agent of the Placement Agent, to investors (including in particular retail investors) in the following jurisdictions:

Austria, Denmark, Germany, the Netherlands, Sweden and the UK (the “Targeted Jurisdictions”)

The Placement Agent and the Platform Operator as its Tied Agent may use this Prospectus for the placement in the Targeted Jurisdictions. No action has been or will be taken by the Issuer, the Placement Agent or the Platform Operator to permit a public offering of the Notes anywhere other than in these jurisdictions or the transmission or distribution of the Prospectus into any other jurisdiction where action for that purpose may be required.

Accordingly, neither the Prospectus nor any advertisement or any other offering material may be distributed or published in any jurisdiction other than the Targeted Jurisdictions, except under circumstances that will result in compliance with applicable laws and regulations. Persons taking possession of the Prospectus are required to inform themselves about, and observe any, such restrictions, including those set out in the following paragraphs. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The Issuer will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it offers, sells or delivers Notes or has in its possession or distributes this Prospectus or any part thereof or any other offering material.

United States

The Issuer does not intend to register either the Offering or any portion of the Offering in the United States, or to conduct a public offering of Notes in the United States. The Notes are not and will not be registered pursuant to the provisions of the Securities Act or with securities regulators of individual states of the United States. The Notes may not be offered, sold or delivered, directly or indirectly, in or into the United States, except pursuant to an exemption from the registration and reporting requirements of the United States securities laws and in compliance with all other applicable United States legal requirements. Terms used above shall have the meanings ascribed to them by Regulation S and Rule 144A under the US Securities Act.

In addition, until 40 days after the commencement of the Offering, an offer or sale of Notes within the United States by any dealer may violate the registration requirements of the Securities Act, if such offer or sale does not comply with Rule 144A or another exemption from registration under the Securities Act.
F. DESCRIPTION OF THE TRANSACTION

1. Structure of the transaction and structure diagram

General Description of the legal structure

Figure 1: Legal structure

Figure 1 above provides a simplified overview of the legal structure of the transaction. The structure aims to make the Target (Start-up) investable for investors (after having invested: “Noteholders”) in an indirect way via a security (the Notes) (single asset securitization).

To this end, the Issuer plans to acquire an equity shareholding in the Target (the “Target Shareholding”) in an amount of up to 12.74% of the Target’s shares. The Issuer aims to refinance this acquisition by the public offering of the Notes.

The Notes are profit and loss participating certificates (Genussscheine). As the Issuer’s assets will consist solely of the Target Shareholding, the Issuer’s revenue will depend completely on the income generated by the Issuer from distributions of profit (dividend payments) by the Target or from a possible sale of the Target Shareholding. Thus, the Notes are securities tracking the cash flow from possible dividend payments by the Target and a possible profit from a sale of the Issuer’s Target Shareholding (net of costs incurred and taxes paid by the Issuer).

The Issuer’s investment in the Target is based on an Investment Agreement and a Shareholders’ Agreement. Both agreements contain provisions that are customary for venture capital transactions.
Acquisition of the Target Shareholding, Investment Agreement

With regard to the acquisition of the Target Shareholding by the Issuer, the Target, the Issuer and the Target’s present shareholders (the founders) have entered into an Investment Agreement (the "Investment Agreement"). Under the Investment Agreement the Issuer will be entitled to acquire up to 146 shares in the Target (or up to a 12.74 % shareholding) based on a valuation of EUR 33,361.00 per share (the "Issuer Subscription Price"). This price reflects a pre-money valuation of the Target of EUR 33,361,000.00.

This pre-money valuation (enterprise value) of the Target which applies to the acquisition of the Target Shareholding by the Issuer has been calculated based on the Target’s earnings planning and a valuation methodology applied in accordance with the guidelines of the German Institute of Auditors (Institut der Wirtschaftsprüfer (IDW), IDW Standard S1, Discounted Cash Flow – Long Term Growth). The valuation is mainly based on a revenue plan prepared by the Target under its own responsibility.

The size of the shareholding in the Target thus acquired by the Issuer will be determined by the amount of the proceeds of the issuance. The Issuer will only be able to acquire 146 shares in the Target if Notes in an aggregate amount of EUR 5,000,000.00 are subscribed for. If fewer Notes are subscribed for, he will acquire fewer shares in the Target accordingly.

The Target will increase its registered capital (presently amounting to EUR 1,000.00) by up to EUR 146.00 in one or more capital increases according to Dutch law, depending on the progress of the issuance. The Target is obliged to carry out these capital increases under the Investment Agreement if the following condition is met:

The issuance of the Notes is subject to the condition precedent that Notes in an aggregate amount of at least EUR 500,000.00 are subscribed for ("Minimum Subscription Volume"). The Investment Agreement is subject to the same condition precedent (except that the threshold is EUR 490,000.00 because 2 % of the proceeds are not intended to be invested in the Target but shall be retained by the Issuer as a Liquidity Reserve, cf. section H.).

If the proceeds of the issuance exceed the Minimum Subscription Volume, the Issuer will participate in one or more capital increase by the Target and will subscribe to new shares (governed by the applicable law of the Netherlands) accordingly. If the Minimum Subscription Volume is not reached, the subscription agreements (concluded between the investors and the Issuer) and the Investment Agreement (concluded between the Issuer and the Target) will not become effective. In this case, the Notes will not be issued, any payments already made to the Issuer by investors will be refunded and the Issuer will not become a shareholder of the Target.

Under the Investment Agreement, the Target’s existing shareholders have given certain representations and warranties vis-à-vis the Issuer, inter alia, with regard to:

- the Target’s status as a corporation
- the Target’s assets and liabilities
- the Target’s material agreements
- the Target’s employees
- the Target’s research and development as well as intellectual property
- the Target’s regulatory situation
- the Target’s exposure to certain legal and tax risks

The complete Investment Agreement is included as annex L.3.
The Legal nature of the Target Shareholding

The legal nature of the assets (i.e. the Target Shareholding) will be newly-issued common shares in the Target governed by Dutch law. The Issuer obtains a formal shareholder position in the Target.

The shareholding is entered into for an indefinite period.

Management of the Target Shareholding, Shareholders’ Agreement

The relationship between the Issuer, the Target and all other shareholders of the Target is governed by a shareholders’ agreement ("Shareholders’ Agreement") that these parties have entered into.

This Shareholders’ Agreement contains specific provisions as to the exercise of voting rights in shareholders’ meetings of the Target. In addition the Shareholders’ Agreement contains provisions with regard to:

- an Employee Stock Option Programme ("ESOP") comprising of virtual shares in an equivalent amount of up to 6 % of the Target's total share capital at any given time
- quotas of voting rights in the Target's shareholders’ meeting
- the Target’s advisory board
- the Target’s shareholders’ pre-emption rights and procedures to be followed in case one of the Target’s shareholders intends to assign or transfer its shares in the Target
- an anti-dilution protection; the Issuer would benefit from such anti-dilution protection in the event that the Target increases its registered share capital in the future and new shares in the Target are issued at a price per share lower than Issuer Subscription Price (as defined above)
- restrictions on the transfer of shares in the Target
- shareholder subscription rights
- a tag-along right, i.e. every shareholder’s right to sell along and transfer or convert their shares on a pro rata basis at identical terms if any of the Target’s shareholders intends to transfer its shares to a third party
- a drag-along right, or co-sale obligation of the other shareholders, in case shareholders of the Target with a majority of at least 66.67% of the votes and the Issuer decide to sell and transfer their shares in the Target to a third party
- a liquidation preference, i.e. the Issuer’s right to preferential satisfaction from the proceeds of the sale of shares in the Target or from the winding-up of the Target as a company
- a call option regarding the shares held by the Target’s founders (such shares being held indirectly through their respective vehicles) in certain situations when a founder ceases to work for the Target during a two year period
- Shareholders’ information rights
- guarantees and obligations regarding the Target’s intellectual property
- non-compete, non-solicitation and confidentiality obligations

The complete Shareholders’ Agreement is included as annex L.4.

The Shareholders’ Agreement and the Notes’ terms and conditions contain provisions and procedures the Participation Holder and the Issuer’s Manager have to follow relating to typical situations with regard to the Target Shareholding, e.g. with regard to

- subsequent investments into the Target by third parties,
- a possible sale – wholly or by majority – of the Target Shareholding and
- the manner in which the Issuer’s shareholder rights in the Target are exercised.
The Shareholders’ Agreement may be amended by mutual agreement of the Target’s shareholders. Under the Notes’ terms and conditions, the Issuer may only give its consent to such amendment of the Shareholders’ Agreement on the basis of a resolution of the Noteholders. In addition, every cancellation, amendment or renewal of the existing Shareholders’ Agreement or any other agreement relating to the Target, the Issuer's Target Shareholding and the exercise of any rights attaching thereto is only permissible on the basis of a resolution of the Noteholders.

**The Participation Holder Agreement between the Issuer and the Participation Holder**

The Issuer and the Participation Holder have entered into an agreement (the “Participation Holder Agreement”, not shown in Figure 1 above for the sake of clarity) that contains provisions that have been agreed upon for the benefit of the Noteholders (Vertrag zugunsten Dritter).

In this agreement, the Participation Holder undertakes for the benefit of the Noteholders to maintain the corporate structure of its subsidiaries (i.e. the Issuer and the Issuer's Manager) unchanged and free of liens during the duration of the Notes. In addition, the Participation Holder undertakes to exercise its shareholder rights vis-à-vis the Issuer and the Issuer’s Manager only in a way consistent with the obligations which the Issuer assumes towards the Noteholders (i.e. the Participation Holder undertakes to respect and not to contravene the rights of the Noteholders under the Notes).

The Participation Holder does not assume any further obligations vis-à-vis the Noteholders. In particular, it assumes no liability for the content of this Prospectus, for the repayment of the Notes or for the proper fulfilment of other obligations and duties of the Issuer and the Issuer's Manager. Furthermore, the Participation Holder assumes no obligation to provide the Issuer or the Issuer’s Manager with additional capital, to supervise their management and/or to review or assess this Prospectus, the Notes’ terms and conditions or the economic and legal circumstances of the Target.

**The cooperation agreement between the Platform Operator and the Placement Agent**

The Notes are exclusively distributed to investors via aescuvest international GmbH (“Platform Operator” or “Tied Agent”). In providing this regulated activity of securities intermediation, the Platform Operator acts as a Tied Agent of BN & Partners Capital AG (“Placement Agent”), i.e. the Platform Operator acts in the name, on account of and under the liability of the Placement Agent. To this end, the Platform Operator and the Placement Agent have entered into a cooperation agreement. This cooperation agreement governs the scope of activities of the Platform Operator in its capacity as Tied Agent of the Placement Agent, the parties’ mutual obligations and responsibilities, in particular the obligation of each party to comply with regulatory requirements, and the remuneration of the Tied Agent.

**The brokerage agreement between the Issuer and the Placement Agent**

The Issuer and the Placement Agent have concluded a brokerage agreement regarding the Placement Agent’s securities intermediation services (that are provided through the Tied Agent via the Platform) and its remuneration. The brokerage agreement governs the activities of the Placement Agent with regard to the intermediation of the Notes. The Placement Agent is commissioned to provide such securities intermediation exclusively. Furthermore, the agreement contains additional provisions regarding the Placement Agent’s regulatory status and the regional scope of its activities. Under the agreement, the Placement Agent shall receive a commission of 8 % of the sum of the subscription amounts of the Notes brokered. A portion of such remuneration will be paid by the Placement Agent to its Tied Agent (the Platform Operator) under their cooperation agreement.
The cooperation agreement between the Platform Operator and the Participation Holder

The Platform Operator has entered into a cooperation agreement with the Participation Holder. This is a framework agreement that governs the role of the Participation Holder and the terms of his remuneration for this and similar transactions. The agreement regulates, among other things, the obligation to establish, hold and manage the companies involved in the issue (in particular the Issuer being established as a special purpose vehicle) as well as the activities to be performed by the Participation Holder and its subsidiaries in the course of the transaction.

The project agreement between the Target and the Platform Operator

In addition, the Target and the Platform Operator have entered into a project agreement. The project agreement governs support and coordination services that the Platform Operator provides to the Target outside the regulated activity of securities intermediation.

2. Entities participating in the issue

Parties to the securitization program are

- the Target (Surge-on Medical B.V., Rotterdamseweg 183 C, 2629HD Delft, the Netherlands) (originator of the securitized asset, the Target Shareholding),
- the Issuer (Endoscopy Innovations Invest GmbH & Co. KG, Brüsseler Straße 7, 30539 Hannover, Germany),
- the Issuer’s Manager (G4B Hannover Invest Management GmbH, Brüsseler Straße 7, 30539 Hannover, Germany)
- the Participation Holder (G4B Hannover Beteiligungsverwaltung GmbH, Brüsseler Straße 7, 30539 Hannover, Germany), and
- the Noteholders.

The Participation Holder is the Issuer’s only limited partner and holds all partnership interest in the Issuer. Furthermore, the Participation Holder is the only shareholder of the Issuer’s only general partner, the Issuer’s Manager. Thus, the Participation Holder controls the Issuer.

Apart from that, all parties to the securitization program are independent. Further, all parties to the securitization program are independent from the Placement Agent and the Platform Operator and the Placement Agent and the Platform Operator are independent from each other. In particular, except as described above, these parties are not affiliated with each other under corporate law and there are no members of corporate bodies who are identical among the parties or who are in a personal relationship to each other.

There are no possible interests – apart from the Placement Agent’s, Platform Operator’s, Participation Holder’s and Issuer’s Manager’s interest in providing services for remuneration at arm’s length conditions – or conflicts of interest on the part of natural or legal persons who are involved in the issue and who are material to the issue.

The Issuer

The Issuer is a special purpose vehicle established for the purpose of obtaining the Target Shareholding and issuing the Notes (asset backed securities). The Issuer's participation in the Target is based on the Investment Agreement mentioned above. By issuing the Notes, the Issuer refines the acquisition of the equity shareholding in the Target.
As a single-purpose company, the Issuer must not acquire any further assets, assume no further liabilities, take on no debt or engage in any other activities (isolation of the asset and the project risk).

The Issuer is described in detail below (section G).

**The Participation Holder and the Issuer’s Manager**

The Participation Holder provides the organizational structure for the securitization. The Participation Holder is the Issuer’s only limited partner and holds all partnership interest in the Issuer. Furthermore, the Participation Holder is the only shareholder of the Issuer’s only general partner, the Issuer’s Manager. Thus, the Participation Holder controls the Issuer and the Issuer’s Manager.

The Issuer’s Manager assumes the role of the Issuer’s management. Under the Notes’ terms and conditions, the Issuer undertakes to exercise the voting rights the Issuer acquires in the Target according to the Noteholders’ instructions. The Notes’ terms and conditions and the Shareholders’ Agreement include rules and instructions for typical situations, e.g. with regard to subsequent investments and exit. The Issuer’s Manager represents the Issuer and is obliged to comply with the provisions contained in the Notes’ terms and conditions.

The Notes’ terms and conditions also include a voting mechanism that is implemented in order to allow the Noteholders to make decisions regarding the Target Shareholding and to instruct the Issuer’s Manager with regard to the manner in which the Issuer’s shareholder rights in the Target are exercised. The results of the majority voting are binding for all Noteholders in accordance with the Notes’ terms and conditions. This pooling of investors aims at ensuring that follow-up financing rounds for the Target are not restricted.

**The Target**

The Target is described in detail below (section J).

Information on the underlying (Target Shareholding), i.e. information about the Target itself can – in the extent publications are required by law – be obtained from the Target at Rotterdamseweg 183 C, 2629HD Delft, the Netherlands.
G. DESCRIPTION OF THE ISSUER (SPV)

1. Information about the Issuer

1.1. A statement whether the issuer has been established as a special purpose vehicle or entity for the purpose of issuing asset backed securities.

The Issuer is a special purpose vehicle (SPV) and has been established for the purpose of issuing asset backed securities.

1.2. The legal and commercial name of the issuer.

The legal name of the Issuer is Endoscopy Innovations Invest GmbH & Co. KG. The commercial name of the Issuer is "Endoscopy Innovations Invest".

1.3. The place of registration of the issuer and its registration number.

The Issuer is registered with the Commercial Register of the local court of Hannover, Federal Republic of Germany under registration number HRA 204738.

1.4. The date of incorporation of the issuer.

The Issuer was incorporated on November 23, 2018 for indefinite length of time.

1.5. The domicile and legal form of the issuer, the legislation under which the issuer operates its country of incorporation and the address and telephone number of its registered office (or principal place of business if different from its registered office).

The registered office of the Issuer is Brüsseler Straße 7, 30539 Hannover, Germany. The legal form of the Issuer is that of a German limited commercial partnership (KG), consisting of a general partner (limited liability company; GmbH) and a limited partner. The Issuer operates under the laws of the Federal Republic of Germany, applicable European laws, and, to the extent applicable, in accordance with international conventions. The Issuer was incorporated in and according to the laws of Germany, having its business address of its registered office at Brüsseler Straße 7, 30539 Hannover, Germany. The Issuer's telephone number is +49 511 763 333464.

1.6. Description of the amount of the issuer's authorized and issued capital and the amount of any capital agreed to be issued, the number and classes of the securities of which it is composed.

The Issuer's authorized and issued capital comprises the liable capital of its limited partner (Kommanditist), the Participation Holder (G4B Hannover Beteiligungsverwaltung GmbH). The Issuer is composed of one general partner and one limited partner. The general partner (Komplementär), the Issuer's Manager (G4B Hannover Invest Management GmbH), does not hold a capital share, but is liable without limitation for the Issuer's liabilities.

The liable capital of the Participation Holder corresponds to the limited partner's partnership contribution (Kommanditeinlage) in the amount of EUR 100.00 (in words: Euro one hundred).

The Issuer does not intent to issue further capital or to admit further limited partners.
2. Business overview

The permitted activities of the Issuer are conclusively set out in Section 2 of the Issuer’s articles of association (Gesellschaftsvertrag) (included as annex L.1). The purpose of the company is solely to perform a securitization within the meaning of Article 1(2) of Regulation (EC) No 24/2009 of the European Central Bank of 19 December 2008 and other activities suitable for this purpose (securitization special purpose vehicle) as well as to hold and manage the shareholding in the Target. The only securitized asset is the shareholding in the Target. Other activities are excluded, as is raising debt capital.

Since the date of its incorporation, the Issuer has not commenced operations. For the avoidance of doubt, the Issuer undertakes no other business activities and will not expand its current scope of operations.

3. Administrative, management and supervisory Bodies

The Issuer’s management consists of the Issuer’s Manager (Komplementär), the G4B Hannover Invest Management GmbH, which is personally liable and represented by its managing director, Mr. Thomas Striepe, and the Issuer’s limited partner (Kommanditist), the G4B Hannover Beteiligungsverwaltung GmbH. Only the Issuer’s Manager may represent the Issuer.

The Issuer does neither have an administrative or supervisory board.

The names, addresses and functions of the partners of the Issuer with unlimited liability or with a share capital in the Issuer as well as their principal activities performed outside their functions for the Issuer, where these are significant with respect to the Issuer, are as follows:

a. G4B Hannover Invest Management GmbH (Issuer’s Manager)

The Issuer has one general partner with unlimited liability. The general partner is a limited liability company (GmbH) established and organized under the laws of the Federal Republic of Germany, registered with the Commercial Register of the local court of Hannover, Federal Republic of Germany under registration number HRB 217623.

The general partner’s business name is G4B Hannover Invest Management GmbH. Its business address is Brüsseler Straße 7, 30539 Hannover. Its main function in the Issuer is that of being the Issuer’s Manager.

The general partner has no capital shares in the Issuer and does not perform any other principal activities outside its function for the Issuer which are significant with respect to the Issuer.

b. G4B Hannover Beteiligungsverwaltung GmbH (Limited Partner)

The Issuer has one limited partner, holding all capital shares in the Issuer. The limited partner is a limited liability company (GmbH) established and organized under the laws of the Federal Republic of Germany, registered with the Commercial Register of the local court of Hannover, Federal Republic of Germany under registration number HRB 217607. The limited partner’s business name is G4B Hannover Beteiligungsverwaltung GmbH. Its business address is Brüsseler Straße 7, 30539 Hannover, Germany. Its main function in the Issuer is to be the limited partner (partial partner) of a limited partnership.
4. Major shareholders

The Issuer has two shareholders, its limited partner (*Kommanditist*), the Participation Holder (G4B Hannover Beteiligungsverwaltung GmbH), and its general partner (*Komplementär*), the Issuer's Manager (G4B Hannover Invest Management GmbH). The Issuer's Manager does not hold a capital share, but is liable without limitation for the Issuer's liabilities. Further, the Participation Holder is the only shareholder of the Issuer's Manager.

5. Statutory auditors

Mr. Stefan Gurowitz, Herrnstraße 51, 63065 Offenbach, Germany, was engaged as auditor for the Issuer's Financial Statements. Mr. Stefan Gurowitz is a member of the German Chamber of Public Accountants (Wirtschaftsprüferkammer), Rauchstrasse 26, 10787 Berlin, Germany.

6. Financial information concerning the Issuer

6.1. Commencement of operations

Since the date of its incorporation, the Issuer has not commenced operations.

6.2. Audited Financial Statement for the short fiscal year 2018

![Balance Sheet](image-url)
Notes to the Financial Statements as of December 31, 2018

I. General Information

The Endoscopy Innovations Invest GmbH & Co. KG with its registered office in Hanover is entered in the commercial register of the Local Court of Hanover, HRA 204738.

The annual financial statements were prepared in accordance with the provisions of Sections 242 et seq. of the German Commercial Code (HGB). HGB in accordance with the supplementary provisions for certain commercial partnerships (§§ 264 et seq. HGB).

As of the balance sheet date, the company had the size characteristics of a small limited partnership. Some use has been made of the economies of scale applicable to small limited partnerships.

Disclosures that may be made in the balance sheet, the income statement or the notes to the financial statements are disclosed in full in the notes to the financial statements.

The income statement has been prepared using the nature of expense method.

Due to the formation of the company in the reporting period, fiscal year 2018 is a short fiscal year. Comparative figures for the previous year are therefore no longer required.

II. Information on accounting and valuation methods

Receivables and other assets are stated at nominal value. Adequate value adjustments have been made for all risky items.
Other provisions were carried as liabilities in the amount of the settlement amount required according to reasonable commercial judgement. All identifiable risks from pending transactions and contingent liabilities were taken into account.

III. Notes and disclosures on the balance sheet

Receivables and other assets
All receivables and other assets were due within one year.

IV. Other mandatory disclosures

Management
During the past fiscal year, the Company’s business was conducted by G48 Hannover Invest Management GmbH, Hanover, exercised by Thomas Striepe, Managing Director.

Hanover, May 13, 2019

___________________
Thomas Striepe
Endoscopy Innovations Invest GmbH & Co. KG
Brüsseler Straße 7
30539 Hannover

English-language translation of the German-language independent auditor’s report (Bestätigungsvermerk des unabhängigen Abschlussprüfers)

INDEPENDENT AUDITOR’S REPORT

To the Endoscopy Innovations Invest GmbH & Co. KG

Audit Opinions

I have audited the annual financial statements of Endoscopy Innovations Invest GmbH & Co. KG, which comprise the balance sheet as at 31.12.2018, and the statement of profit and loss for the financial year from 23.11.2018 to 31.12.2018, and notes to the financial statements, including the presentation of the recognition and measurement policies.

In my opinion, on the basis of the knowledge obtained in the audit, the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to commercial partnerships in the sense of § 264a HGB and give a true and fair view of the assets, liabilities and financial position of the Company as at 31.12.2018 and of its financial performance for the financial year from 23.11.2018 to 31.12.2018 in compliance with German Legally Required Accounting Principles.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, I declare that my audit has not led to any reservations relating to the legal compliance of the annual financial statements.

Basis for the Audit Opinions

I conducted my audit of the annual financial statements in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). My responsibilities under those requirements and principles are further described in the “Auditor’s Responsibilities for the Audit of the Annual Financial Statements” section of my auditor’s report. I am independent of the Company in accordance with the requirements of German commercial and professional law, and I have fulfilled my other German professional responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions on the annual financial statements.

Responsibilities of the Executive Directors for the Annual Financial Statements

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to commercial partnerships in the sense of § 264a HGB, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company’s ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to
going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

**Auditor’s Responsibilities for the Audit of the Annual Financial Statements**

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, as well as to issue an auditor’s report that includes our audit opinions on the annual financial statements.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. 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 annual financial statements.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual 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 audit opinions. 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 controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors’ 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 the auditor’s report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our respective audit opinions. 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 be able to continue as a going concern.
Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.

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.

Offenbach, 27.05.2019

[Signature]

Stephan Gurowitz
Wirtschaftsprüfer
(German Public Auditor)
H. USE OF PROCEEDS

On the condition that the Minimum Subscription Volume is reached, the Issuer intends to use the proceeds of the issuance of the Notes (in an amount of up to EUR 5,000,000.00) to acquire the Target Shareholding and to form a Liquidity Reserve.

Minimum Subscription Volume

The Target Shareholding will only be acquired if the Minimum Subscription Volume (EUR 500,000.00) is reached during the offer period.

- If the proceeds of the issuance exceed the Minimum Subscription Volume, the Issuer will participate in a capital increase by the Target and will subscribe to new shares (governed by the applicable law of the Netherlands).

- If the Minimum Subscription Volume is not reached, the subscription agreements (concluded between the investors and the Issuer) and the Investment Agreement (concluded between the Issuer and the Target) will not become effective. In this case, the Notes will not be issued, any payments already made to the Issuer by investors will be refunded and the Issuer will not become a shareholder of the Target.

In case the Minimum Subscription Volume is reached, the Issuer will use the proceeds as follows:

Liquidity Reserve

The Issuer will retain 2 % of the proceeds (i.e. up to EUR 100,000.00) as a Liquidity Reserve ("Liquidity Reserve") for unexpected but necessary management services (as authorized by the Noteholders on a case-by-case-basis). The Liquidity Reserve shall always be replenished from the Target's distributions before the remaining profits of the Issuer are distributed to the Noteholders. Upon termination of the Notes any remaining amount will be distributed to the Noteholders.

Acquisition of Target Shareholding

The remaining proceeds of the issuance (i.e. 98 % or up to EUR 4,900,000.00) will be used by the Issuer to acquire as many shares in the Target as possible. The size of the shareholding in the Target thus acquired by the Issuer will be determined by the amount of the proceeds of the issuance. Any fractional amounts that the Issuer cannot invest in this way (due to the requirement to acquire an integer number of shares in the Target) will remain in the Issuer as an additional Liquidity Reserve.

The Issuer, the Target and the Target’s present shareholders have entered into an Investment Agreement (the “Investment Agreement”) that governs the acquisition of the Target Shareholding by the Issuer. Under this agreement the Issuer will be entitled to acquire up to 146 shares in the Target (or up to a 12.74 % shareholding) based on a valuation of EUR 33,361.00 per share (the “Issuer Subscription Price”). This price reflects a pre-money valuation of the Target of EUR 33,361,000.00. The Target will thus increase its registered capital (presently amounting to EUR 1,000.00) by up to EUR 146.00. These new shares will be acquired by the Issuer in return for a capital contribution amounting to up to EUR 4,870,706.00.

Payments to the Target and third party payments on behalf of the Target

However, under the agreements concluded between the Issuer and the Target, not all of such capital contribution will be paid out directly to the Target. Instead, the Issuer shall retain an amount of up to EUR 573,085.50. The Issuer will use these funds to settle the Target's liabilities resulting from initial transaction costs and expenses of the offer as well as running transaction costs and expenses during
the first five years after the Issuance. This involves costs that the Target incurs as well as costs that the Issuer incurs but the Target is contractually obliged to compensate the Issuer for (e.g. placement fees, paying agent/securities processing fees, fees for investor relations services and other costs of maintaining the Issuer’s operations, such as management and bookkeeping costs).

The initial transaction costs are expected to amount to up to approximately EUR 429,095.50 (including VAT, where applicable) (and thus to approximately 8.58 % of the issue proceeds in case the issuance is fully placed). The ongoing transaction costs for the first five years are expected to amount to up to approximately EUR 143,990.00 (including VAT, where applicable) in total.

The Issuer will use these retained funds to settle the Target's respective liabilities vis-à-vis the Issuer and the service providers involved. However, as the Issuer pays these costs and expenses on behalf of the Target (i.e., the Issuer pays on liabilities of the Target), economically, these costs and expenses are borne by the Target. Correspondingly, these monies count as capital contributions of the Issuer to the Target under the Investment Agreement and the Issuer receives shares in the Target in return, based on the valuation mentioned above. The net issue proceeds thus are identical to the issue proceeds.

The following example shows the use of proceeds in case the issuance is fully placed.

<table>
<thead>
<tr>
<th>Maximum proceeds</th>
<th>Amounts retained by Issuer (not counting as capital contribution)</th>
<th>Amounts retained by Issuer (counting as capital contribution)</th>
<th>Amounts paid out to Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR 5,000,000.00</td>
<td>EUR 100,000.00</td>
<td>EUR 100,000.00</td>
<td></td>
</tr>
<tr>
<td>Issuer’s Liquidity Reserve (2 %)</td>
<td>EUR 4,870,706.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issuer’s Capital contribution (in return for up to 146 shares)</td>
<td>EUR 4,870,706.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Thereof: retained by Issuer for initial transaction costs</td>
<td></td>
<td>EUR 429,095.50</td>
<td></td>
</tr>
<tr>
<td>- Thereof: retained by Issuer for ongoing transaction costs for the first five years</td>
<td></td>
<td>EUR 143,990.00</td>
<td></td>
</tr>
<tr>
<td>- Thereof: paid out directly to the Target</td>
<td></td>
<td>EUR 4,297,620.50</td>
<td></td>
</tr>
<tr>
<td>Fractional amount retained in addition to Liquidity Reserve(^1)</td>
<td>EUR 29,294.00</td>
<td>EUR 29,294.00</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>EUR 129,294.00</td>
<td>EUR 573,085.50</td>
<td>EUR 4,297,620.50</td>
</tr>
</tbody>
</table>

\(^1\) Fractional amount retained due to the requirement to acquire an integer number of shares of the Target.
I. **DESCRIPTION OF THE FINANCIAL INSTRUMENT**

1. **Information concerning the securities to be offered**

   1.1. A description of the type and the class of the securities being offered and/or admitted to trading, including the ISIN (International Security Identification Number) or other such security identification code.

   The securities being offered are profit and loss participating certificates (*Genusscheine*) (the “Notes”) of the Issuer with

   ISIN: DE000A2PN2F4
   WKN: A2PN2F

   1.2. Legislation under which the securities have been created.

   The Notes and all non-contractual obligations and any other matters arising from them are governed by and construed in accordance with the laws of Germany. The courts of Germany shall have non-exclusive jurisdiction in respect of any dispute.

   1.3. An indication of whether the securities are in registered form or bearer form and whether the securities are in certificated form or book-entry form. In the latter case, name and address of the entity in charge of keeping the records.

   The Notes will be issued in bearer form and will on issue be represented by a Global Note.

   1.4. **Currency of the securities issue.**

   The Notes are denominated in EUR.

   1.5. **Ranking of the securities being offered and/or admitted to trading, including summaries of any clauses that are intended to affect ranking or subordinate the security to any present or future liabilities of the issuer.**

   The notes are of equal rank (pari passu) without any preference. They are not subordinated to any present or future liabilities of the Issuer. However, due to the profit and loss participating nature of the Notes, the Noteholders participate in the losses the issuer incurs. All payment obligations under the Notes constitute solely obligations to either distribute amounts out of the Issuer’s profits or to repay the nominal amount net of possible losses allocated to the Noteholders. Any payments under the Notes will be dependent upon the Issuer receiving payments from the Target shareholding or a sale of the Target shareholding in accordance with the exit provisions of the Notes’ terms and conditions.

   The Issuer is not allowed to take on debt.

   1.6. **A description of the rights attached to the securities, including any limitations of those rights, and procedure for the exercise of those rights.**

   The Notes are profit and loss participating certificates of the Issuer. The holders of profit participation certificates (“Noteholders”) either participate in the Issuer’s net surplus or receive a loss allocation in a given financial year.

   As the Issuer’s assets consist solely of its shareholding in the Target, the Issuer’s profit depends completely on the income generated by the Issuer from distributions of profit (dividend payments) by the Target or from a possible sale of its shareholding in the Target.
As a young growth company, the Target intends to mainly reinvest any surpluses generated in order to increase its enterprise value. The Target therefore intends not to pay a dividend in the foreseeable future. In order for a profit to be generated from the sale of the Issuer’s shareholding in the Target, the Target must in the meantime be able to increase its enterprise value. If this will be the case is uncertain. The selling price to be achieved depends on the one hand on the economic development of the target itself and on the other hand on the general economic development.

The profit participation certificates are issued for an indefinite period. Regular termination (ordentliche Kündigung) by both parties is not permitted until the end of the 2033 financial year at the earliest. The Notes may be terminated for cause (außerordentliche Kündigung), inter alia, if the whole Target Shareholding acquired by the Issuer has been sold. Any termination by the Noteholders (ordinary or extraordinary in the case of grave cause) will be effective only if declared uniformly by Noteholders who hold at least 25% of the outstanding Profit Participation Capital (Required Minimum Quorum).

The Noteholders have no claim to interest or repayment of the invested amount. Even in the event of a termination of the Notes, they will only receive the amount which, after profit and loss allocation and after deduction of possible Carried Interest payments due to the Platform Operator (cf. below), is attributable to the Notes held by them.

For the avoidance of doubt, it is stated that the holders of the profit participation certificates share any losses incurred after declaration of termination on the basis of a write-down or sale or other value adjustment of the Target investment.

Because the Noteholders have no claim to fixed payments but only participate in the Issuer’s net surplus (that in turn can only be generated from income from distributions of profit by the Target or from a possible sale of the Issuer’s shareholding in the Target), the Target Shareholding – being the securitized asset backing the issue – has characteristics that demonstrate capacity to produce funds to service any payments due and payable on the Notes.

The Notes do not grant any membership rights in the Issuer, in particular no participation or voting rights in the Issuer’s shareholders’ meeting.

The Noteholders participate in the Issuer’s profits and losses from start of the issuer’s business year 2019.

If an Exit within the meaning of the Notes’ terms and conditions, i.e. either

(i) a sale or transfer or acquisition of a majority of the voting rights in the Target or of more than 50% of the Target’s assets (including hidden reserves) or an economically equivalent transaction or

(ii) a sale of all shares in the Target held by the Issuer

(“Exit”) occurs during the duration of the Notes, the Platform Operator (aescuvest international GmbH) is entitled to a Carried Interest, i.e. a share in the profit generated by the Issuer from such transaction (“Carried Interest”).

Carried interest is an expense of the Issuer; it reduces its profit distributable to the Noteholders. Only the Issuer’s profit remaining after Carried Interest has been paid to the Platform Operator will be distributed to the Noteholders.

Carried interest is payable in the event of an Exit. It will be due to the Platform Operator together with the next regular distribution of profits to the Noteholders (cf. below “The flow of funds”). It amounts to
- a total of 10% of the Issuer's total pre-tax profit in all financial years preceding the exit
- net of the paid-up and not yet repaid profit participation capital and
- net of a minimum return of 10% p.a., calculated on an IRR basis ("Hurdle Rate").

Carried Interest cannot be negative.

If no Exit occurs, no Carried Interest has to be paid.

**Conditions under which an Exit may take place**

The Issuer will not proactively initiate a sales process in respect of its Target Shareholding (neither at a given time nor under certain conditions already established).

If any other shareholder of the Target wishes to pursue an Exit opportunity and intends to transfer all or part of its shares in the Target to a third party, the Issuer will be entitled to a *tag-along right* under the Shareholders’ Agreement, i.e. a right to sell along and transfer its shares on a pro rata basis at identical terms. If other shareholders of the Target approach the Issuer with a purchase offer that potentially affects so many shares in the Target (with or without consideration of the Target Shareholding held by the Issuer) that the completion of this transaction would result in a change of control of the Target (i.e. a transfer of the majority of the shares and/or the majority of the voting rights), the Issuer is obligated under the Notes’ terms and conditions to initiate a resolution of the Noteholders as to whether the Issuer wishes to participate in such transaction and sell all or part of the Target Shareholding at the terms suggested by the other shareholders.

In addition, the Shareholders’ Agreement stipulates that the transfer of shares in the Target requires an approving resolution of the Target’s shareholders’ meeting with a majority of 66.67% of all shareholders as well as the consent of the Issuer.

The Shareholders’ Agreement contains no obligation of the Issuer to sell the Target Shareholding on terms imposed on him by other shareholders. In particular, *drag-along rights*, i.e. co-sale-obligations, may be exercised only with the Issuer’s consent under the Shareholders’ Agreement.

The Shareholders’ Agreement may be amended by mutual agreement of the Target’s shareholders, e.g. in the context of future financing rounds. Under the Notes’ terms and conditions, the Issuer may only give its consent to such amendment of the Shareholders’ Agreement on the basis of a resolution of the Noteholders. In addition, every cancellation, amendment or renewal of the existing Shareholders’ Agreement or any other agreement relating to the Target, the Issuer’s Target Shareholding and the exercise of any rights attaching thereto is only permissible on the basis of a resolution of the Noteholders.

**The flow of funds**

The flow of funds will be as follows: The Issuer will collect the Target's profit distributions and will transfer the Issuer's profits to the Paying Agent for distribution to the Noteholders in accordance with the Notes. 90% of the Issuer's distributable profit will be distributed on a yearly in arrears basis, while 10% shall preliminarily be retained in view of a possible later Carried Interest payment. The retained amounts will only be distributed to the Noteholders if and to the extent that they are not used up by a corresponding Carried Interest payment or other senior liabilities of the Issuer or are subject to loss participation.

In addition, the Issuer will arrange for the sale of the Issuer’s Shareholding in the Target in accordance with the Notes or as authorized by the Noteholders. The Issuer will then transfer the Issuer’s profit from the sale to the Paying Agent for distribution to the Noteholders in accordance with the Notes.
A liquidity reserve of 2% of the proceeds from the emission (“Liquidity Reserve”) shall always remain with the Issuer as a reserve for unexpected but necessary management services (as authorized by the Noteholders on a case-by-case-basis). The Liquidity Reserve shall always be replenished from the Target’s distributions before the remaining profits of the Issuer are distributed to the Noteholders. Upon termination of the Notes any remaining amount will be distributed to the Noteholders.

In the event of termination of the Notes by the Noteholders, the Issuer may be forced to write off the Target Shareholding or to sell it at short notice on terms that do not reflect the actual value of the Target Shareholding at that time. This could lead to a loss at the level of the Issuer in which Noteholders would participate, i.e. their pro rata claim to payment would be reduced by this loss. Ordinary termination of the Notes by the Noteholders may be given at the end of the fiscal year 2033 at the earliest. In addition, any termination by the Noteholders (ordinary or extraordinary in the case of grave cause) will be effective only if declared uniformly by Noteholders who hold at least 25% of the outstanding Profit Participation Capital (Required Minimum Quorum).

Payments and deposits in connection with the profit participation certificates are made via the following institution (“Paying Agent”). The paying agent shall ensure that payments due are made into the investor’s securities account.

Bankhaus Gebr. Martin AG
Schlossplatz 7
73033 Göppingen
Germany

Phone: +49 7161 6714 0
Fax: +49 7161 9797 10
E-Mail: info@martinbank.de

1.7. Issue date of the securities

The Notes for which subscription applications have been submitted and allocated by September 1, 2019 are expected to be delivered on the Issue Date, September 15, 2019 (the "Issue Date"). The Notes subsequently issued are expected to be delivered 10 (ten) banking days after allocation and payment.

1.8. Restrictions on the free transferability

There are no restrictions on the free transferability of the securities.

There are restrictions on sales of Notes into, amongst other jurisdictions, the United States and the European Economic Area. These restrictions are mainly targeting offerings to the public in the specific jurisdiction unless certain exceptions apply. Subject to certain exemptions, the Notes may not be offered, sold or delivered within the United States or to a United States person. The transfer restrictions are described in detail in Section E.8.

1.9. The minimum denomination of an issue.

The minimum denomination of the issue of Notes is EUR 500.00. Investors can invest in increments of EUR 500.00.

2. Terms and conditions of the offer

2.1. Conditions to which the offer is subject

The Notes are issued at par value. The minimum subscription amount per subscriber is EUR 500.00.
Subscribers may subscribe to the Notes by declaration to the Issuer and payment of the nominal amount into the account specified in the subscription declaration. After receipt of the Issuer's declaration of acceptance, the Notes will be booked into the Noteholders' securities account.

The issuance is subject to the condition precedent that Notes in an aggregate amount of at least EUR 500,000.00 are subscribed ("Minimum Subscription Volume").

2.2. Total amount of the offer

The total amount of the offer is EUR 5,000,000.00.

2.3. Offer Period, application process, allotment

The Notes will be offered from July 22, 2019 until July 19, 2020 ("Offer Period"). The Issuer is entitled to terminate the Offer Period prematurely at any time. Fifteen days after the end of the Offer Period, the Issuer will publicly announce the results of the Offer on the website www.aescuvest.eu.

In order to acquire Notes via the online process, an investor must register on the Platform www.aescuvest.eu (operated by the Platform Operator acting as a tied agent of the Placement Agent). After the registration process, investors can view the information provided on the Platform and subscribe to the Notes online. The information provided includes in particular this Prospectus and any supplements.

If the investor wishes to subscribe to Notes, he can initiate the investment process by clicking on the respective button and entering the desired investment amount.

The investor then enters the data required for the subscription that were not already requested during the registration process. The investor will receive an e-mail from the Platform Operator (acting on behalf of the Placement Agent) with further information on the offer and subscription documents. The investor’s identity will be verified in accordance with the provisions of the German Money Laundering Act, either in an online process or (after completion of the subscription process) in an offline process. The verification can be carried out either by the Placement Agent itself or by the Platform Operator (acting on behalf of the Placement Agent) or by a third party service provider (acting on behalf of the Placement Agent) depending, inter alia, on the investor's legal form and the investor's domicile or seat.

By clicking on the corresponding button, the investor can declare in a legally binding manner that he wishes to submit an application for subscription for the Notes in the amount specified by him ("Subscription Offer").

The Placement Agent will review the investor's Subscription Offer. Provided all necessary requirements are met – such requirements deriving, inter alia, from statutory provisions relating to intermediary regulation and anti-money-laundering law – the Placement Agent will forward the Subscription Offer to the Issuer. The Issuer will decide at its own discretion whether to accept the Subscription Offer. The Issuer declaring its acceptance of the Subscription Offer ("Allotment") concludes the subscription agreement between the investor and the Issuer.

An Investor will be notified of the number of Notes allocated to him immediately after Allotment by e-mail from the Platform Operator (acting on behalf of the Placement Agent, the Placement Agent in turn acting on behalf of the Issuer) to his e-mail address stored in the Platform ("Notification of Allotment"). In the same e-mail he will be asked to pay the nominal amount into the account specified in the subscription declaration.
Any shortening or extension of the Offer Period will be announced on the website of the Platform. To the extent required by law, the Issuer will also publish a supplement to the Prospectus in such cases.

2.4. Minimum and/or maximum amount of application

The minimum subscription amount per subscriber is EUR 500.00 (one Note). Investors can invest in increments of EUR 500.00. There is no maximum subscription amount.

2.5. Amount and payment of the issue price, Issue Date, delivery

The Notes will be issued at 100% of the nominal amount (EUR 500.00 each) in accordance with the following provisions. Costs and taxes will not be charged to the subscriber in the course of the issuance.

The Notes for which subscription applications have been submitted and allocated by September 1, 2019 are expected to be delivered on the Issue Date, September 15, 2019 (the "Issue Date"). The Notes subsequently issued are expected to be delivered ten banking days after allocation.

The issue price must be credited to the Issuer's account specified in the subscription process within four weeks after receiving notification of Allotment. In the events of

- non-payment of the nominal amount by the Investor within four weeks after receiving Notification of Allotment or
- transmission of incorrect or incomplete securities account data that is not remedied four weeks after receiving Notification of Allotment or
- in case the liability umbrella cannot meet its obligations regarding the money laundering check within four weeks after receiving Notification of Allotment,

the Issuer has the right of ordinary termination of the subscription agreement.

2.6. Categories of potential investors, regional scope

The Notes are offered to all categories of investors. The offer is being made simultaneously in Austria, Denmark, Germany, the Netherlands, Sweden and the UK. No tranches are reserved for certain countries.

2.7. Name and address of any paying agents and depository agents in each country.

Payments in connection with the Notes are made by the following institution ("Paying Agent").

Bankhaus Gebr. Martin AG
Schlossplatz 7
73033 Göppingen
Germany

Phone +49-(0) 7161 6714 0
Fax +49-(0) 7161 9797 10
Email: info@martinbank.de

The depository agent for the global note of the Notes ("Depository Agent") is:

Clearstream Banking AG
Neue Börsenstraße 1
3. Admission to trading and dealing arrangements

No application will be made for the Notes being admitted to trading on a regulated market or equivalent market.

4. Terms and Conditions of the Profit Participation Certificates (“Notes”)

Genusscheinbedingungen

Präambel


§ 1 Genussseinkapital, Genuss scheine, Mittelverwendung

(1) Das Genussseinkapital ist eingeteilt in bis zu 10.000 untereinander gleichberechtigte Genuss scheine mit einem Nennwert von jeweils EUR 500,00. Die Genuss scheine lauten auf den Inhaber.


Terms and Conditions of the Notes

Preamble

Endoscopy Innovations Invest GmbH & Co. KG, Hanover, registered in the commercial register of the local court of Hannover under HRA 204738 ("the Company"), grants up to 10,000 profit participation certificates ("Profit Participation Certificates" or "Notes") under the name "Endoscopy Innovations Invest PPC 2019" upon capital contribution of up to EUR 5,000,000.00 (in words: five million Euro) ("Profit Participation Capital") subject to the following terms and conditions. The Company intends to acquire a stake in Surge-on Medical B.V., based in Delft, the Netherlands ("Target"). The Profit Participation Certificates represent a participation of the Note holders in the profit or loss deriving from the Company's shareholding in the Target ("Target Shareholding").

§ 1 Profit Participation Capital, Profit Participation Certificates, Use of Proceeds

(1) The Profit Participation Capital is divided into up to 10,000 Profit Participation Certificates with equal rights and a nominal value of EUR 500.00 each. The Profit Participation Certificates are bearer certificates.

(2) The Profit Participation Certificates, including the claims arising from them, are represented by a global bearer certificate deposited with Clearstream Banking AG, Frankfurt am Main ("Depository"). The right to delivery of individual certificates is excluded. The Note holders are entitled to co-ownership interests in the global bearer certificate which may be transferred in accordance with the provisions and rules of the Depositary. The global bearer certificate shall bear the personal signature(s) of representatives of the Company as required in order to validly represent the Company.
§ 2 Erwerb von Genussscheinen

(1) Die Ausgabe der Genussscheine erfolgt zum Nennwert. Die Mindestzeichnungssumme pro Zeichner beträgt EUR 500,00. Der Ausgabebetrag beträgt EUR 500,00 je Genussschein.


§ 3 Keine Gesellschafterrechte, Beschlüsse

(1) Die Genussscheine gewähren keine


§ 3 Exclusion of shareholder rights, resolutions

(1) The Profit Participation Certificates do not

(3) The Company will use the contributed Profit Participation Capital for the acquisition of the Target Shareholding with the exception of a Liquidity Reserve of 2 %, which will remain permanently in the Company to cover unforeseen costs. The Company will use the Profit Participation Capital in particular to meet its payment obligation in connection with the capital increase to be carried out by the Target and its obligation to pay amounts into the Target's reserves. Any fractional amounts that the Company cannot invest in this way due to the requirement to acquire an integer number of shares in the Target will remain in the Company as an additional Liquidity Reserve.

(4) The Company and the Target will use part of the contributions to be made by the Company to the Target to cover the initial and ongoing issuance and transaction costs associated with the implementation and maintenance of the issuance structure and the execution of the issuance. To this extent, payments by the Company are not made to the Target but directly to the service providers involved, such as the Placement Agent (brokerage commission), the Paying Agent (securities and payment settlement) and the Participation Holder as well as the Issuer's Manager (establishment and administration of the Company).

(2) Abweichend von Abs. (1) bedarf die Geschäftsführung für die Zustimmung zu folgenden Geschäften und Maßnahmen in dem Target bzw. in Bezug auf das Target und/oder für die Erteilung von Weisungen dazu der Zustimmung der gemäß § 4 legitimierten Genussscheininhaber ("Investoren") per Beschluss ("Investorenbeschluss"):

• Jegliche Art von Unternehmenstransformation (einschließlich Fusionen, Ausgliederungen, Umwandlungen usw.) im Zusammenhang mit einer Veräußerung oder sonstige Übertragung von mindestens 50 % der gesamten Anteile an dem Target oder Vermögenswerten im Wert von mindestens 50 % des Gesamtvermögens des Target oder einem Börsengang des Target;

• der Verkauf und/oder die Veräußerung oder sonstige Übertragung von Geschäftsanteilen an dem Target, es sei denn, es besteht auf Basis von Gesellschaftervereinbarungen in dem Target eine Mitveräußerungspflicht der Gesellschaft; falls andere Gesellschafter des Targets mit einem Kaufangebot an die Gesellschaft herantreten, das potentiell – mit oder ohne Berücksichtigung des von der Gesellschaft gehaltenen Anteils am Target – so viele Anteile am Target betrifft, dass der Vollzug dieser Transaktion zu einem Kontrollwechsel in Bezug auf das Target (d.h. einem Übergang der Mehrheit der Geschäftsanteile und/oder der Mehrheit der Stimmrechte) führen würde, ist die Gesellschaft verpflichtet, einen Investorenbeschluss zu der Frage herbeizuführen, ob die Gesellschaft sich mit dem von ihr gehaltenen Anteil am Target an einer solchen Transaktion beteiligen möchte;

• Aufhebung, Änderungen oder Neuabschluss der bestehenden Gesellschaftervereinbarung oder sonstiger Vereinbarungen in Bezug auf das Target, die Beteiligung der Gesellschaft am Target und die Ausübung der damit verbundenen Rechte;

• Jede Auflösung, Liquidation (einschließlich der Bestellung des Liquidators) oder eine ähnliche Maßnahme oder Maßnahme, die zu einem Kontrollwechsel des Target führt;

• Jede Ausgabe von Optionsscheinen, Optionen oder anderen Wertpapieren durch das Target, die in Anteile umgewandelt werden können, einschließlich, jedoch nicht beschränkt auf, Ausgabe grant any membership rights in the Company, in particular no right to attend, to participate or to vote in the shareholders' meeting nor any other influence on the Company's management.

(2) Notwithstanding paragraph 1, the Company's management shall require the consent of the Profit Participation Certificate holders ("Noteholders") legitimatied pursuant to § 4 by resolution ("Investor Resolution") for the approval of the following transactions and measures in the Target or in relation to the Target and/or for the issuance of instructions thereto:

• The sale and/or transfer or other disposal of shares in the Target, unless the Company has an obligation to co-sell on the basis of shareholders' agreements in the Target; if other shareholders in the Target approach the Company with an offer to buy which potentially affects so many shares in the Target, with or without consideration of the Company's interest in the Target, that the completion of this transaction would result in a change of control of the Target (i.e. a transfer of the majority of the shares and/or the majority of the voting rights), the Company is obliged to induce an Investor Resolution on the question of whether the Company should participate in such a transaction with its Target Shareholding;

• Cancellation, amendment or renewal of the existing shareholders' agreement or any other agreement relating to the Target, the Company's participation in the Target and the exercise of any rights attaching thereto;

• Any winding-up, dissolution, liquidation (including the appointment of the liquidator) or similar measure or action that leads to a change of control of the Target;

• any issuance of warrants, options or other securities convertible into shares by the Target, including, but not limited to, any issuance of shares to financial institutions or lessors in connection with
von Anteilen an Kreditinstitute oder Leasinggeber im Zusammenhang mit gewerblichen Kreditvereinbarungen, Ausrüstungsfinanzierungen oder ähnlichen Transaktionen;

- Jegliche Ausgabe neuer Anteile durch das Target und die Genehmigung einer neuen Anteilsklasse, deren Rechte den Stammanteilen vorrangig oder gleichgestellt sind;

- Maßnahmen im Zusammenhang mit einer Herabsetzung des Grundkapitals des Target;

- Annahme oder Änderung des Gesellschaftsvertrags des Target sowie der Geschäftsordnung für das Management des Target;

- Gewinnausschüttung einschließlich etwaiger Gewinnausschüttung an die Gesellschafter des Targets (Dividende);

- Transaktionen mit verbundenen Parteien oder sonstige Angelegenheiten, die Interessenkonflikten unterliegen und die sich auf Verwaltungsratsmitglieder, geschäftsführende Direktoren oder Gesellschafter des Target beziehen;

- Verzicht auf Prüfungspflicht oder Änderung des Geschäftsjahres oder der Rechnungslegungsgrundsätze des Target;

- Einzelinvestitionen des Target über EUR 250.000;

- Gründung, Erwerb, Schließung oder Veräußerung von Tochtergesellschaften oder Zweigniederlassungen (jeweils ganz oder teilweise) des Target;

- Schaffung neuer Geschäftsbereiche oder Einstellung der bestehenden Geschäftsfelder für das Target;

- Gewährung von Garantien, Sicherheiten oder etwaiger Haftungsannahmen durch das Target jeweils außerhalb des normalen Geschäftsverlaufs;

- Aufnahme oder Gewährung von Darlehen, die entweder über EUR 250.000 oder auf andere Weise außerhalb des normalen Geschäftsverlaufs liegen;

- Handel mit Finanzprodukten, entweder als Teil eines öffentlichen oder privaten Angebots;

- Einstellung eines Arbeitnehmers mit einer jährlichen Bruttovergütung von über EUR 150.000 (einschließlich Sozialversicherungsbeiträgen, Prämien oder anderer Vergütung des Arbeitnehmers);

- Gewährung von Pensionszusagen an Mitarbeiter, es sei denn, dies ist gesetzlich commercial credit arrangements, equipment financings or similar transactions;

- Any issuance of new shares by the Target and authorization of a new class of shares having rights senior to or on parity with common shares;

- Measures relating to a decrease of the Target's share capital;

- Adoption or amendment of the Target's articles of association or the rules of procedure for the Target's management;

- Appropriation of profits including any distribution of profits to the Target's shareholders (dividend);

- waiver of audit requirement or change of financial year or accounting policies of the Target;

- Target's individual investments in excess of EUR 250,000;

- Formation, acquisition, closure, or disposition of subsidiaries or branches (each whether in whole or in part) by the Target;

- Creation of new, or discontinuation of existing, fields of business activities for the Target;

- Granting guarantees, security, or any assumptions of liability by the Target, each outside the ordinary course of business;

- Accepting or granting loans, either in excess of EUR 250,000 or otherwise outside the ordinary course of business;

- Trading in financial products, whether as part of a public or private offering;

- Hiring an employee with gross annual compensation in excess of EUR 150,000 (including employer social security contributions, bonuses, or other compensation);

- Granting any pension commitments to employees unless such granting is required by law.
vorgeschrieben;
• Geschäftstätigkeit außerhalb des gewöhnlichen Geschäftsverlaufs, die eine Einmalzahlung von mehr als EUR 10.000 oder einen voraussichtlichen jährlichen Betrag von mehr als EUR 25.000 umfasst;
• Geschäftstätigkeiten außerhalb des normalen Geschäftsverlaufs, die einen budgetierten Betrag um mehr als 10 % überschreiten;
• Zulassung eines neuen Investors einschließlich Bedingungen für eine Kapitalerhöhung, falls diese günstigeren Konditionen erfolgt als den Konditionen, die für den Beteiligungserwerb durch die Gesellschaft gelten;
• Ausnahmen von Wettbewerbsverboten;
• Ausnahmen von Nichtabwerbungsverpflichtungen;
• sonstige Maßnahmen in dem Target oder in Bezug auf das Target, hinsichtlich der die Komplementärin der Gesellschaft ("Manager") die Investoren zur Fassung eines Investorenbeschlusses auffordert.

(3) Abweichend von Abs. (1) bedürfen folgende Geschäfte und Maßnahme in der Gesellschaft der Zustimmung der Investoren per Investorenbeschluss:

• Kapitalerhöhungen in der Gesellschaft;
• mit Ausnahme der Komplementärin die Aufnahme von neuen Gesellschaftern in die Gesellschaft;
• Abschluss, Änderung oder Aufhebung von Betriebspacht-, Betriebsüberlassungs-Ergebnisübernahme- und sonstigen Unternehmensverträgen;
• Abschluss, Änderung und Aufhebung von Anstellungs- oder Dienstverträgen;
• Abschluss von Vereinbarungen, die eine Beteiligung am Ergebnis der Gesellschaft zum Gegenstand haben, die nicht in diesen Genusscheinbedingungen vorgesehen ist;
• Vereinbarungen mit der Komplementärin über Vergütungen für deren Tätigkeit, wenn und soweit eine Vergütung einen jährlichen Betrag von insgesamt EUR 600 übersteigt;
• sonstige Maßnahmen in der Gesellschaft, hinsichtlich derer der Manager die Investoren zur Fassung eines Investorenbeschlusses auffordert.

• Engaging in any business activity outside the ordinary course of business that involves a single payment in excess of EUR 10,000 or an anticipated annual amount in excess of EUR 25,000;
• Engaging in any business activity outside the ordinary course of business that exceeds a budgeted amount in excess of 10 %;
• Admission of a new Investor, including conditions for a capital increase if these conditions are more favourable to the new shareholder than those granted to the Company;
• Exemptions from non-compete obligations;
• Exemptions from non-solicitation obligations;
• other measures in the Target or in relation to the Target in respect of which the general partner of the Company ("Manager") requests the Investors to pass an Investor Resolution.

(3) Notwithstanding paragraph (1), the following transactions and measures in the Company require the approval of the Investors through an Investor Resolution:

• Capital increases in the Company;
• With the exception of the general partner, the admission of new shareholders to the Company;
• Closing, amendment or cancellation of business lease agreements, business transfer agreements, profit and loss transfer agreements and other business agreements;
• Closing, amendment and cancellation of employment or service contracts;
• Conclusion of agreements regarding a participation in the earnings of the Company which is not provided for in these terms and conditions of the Notes;
• Agreements with the general partner on compensation for its activities if and to the extent that such compensation exceeds a total annual amount of EUR 600;
• Other measures within the Company in respect of which the Manager requests the Investors to pass an Investor Resolution.
(4) Investorenbeschlüsse nach vorstehenden Absätzen 2 und 3 werden von Investoren mit einfacher Mehrheit der abgegebenen Stimmen gefasst, soweit nicht diese Genussscheinbedingungen andere Mehrheitsverhältnisse vorsehen.


(6) Beschlussfassungen der Investoren finden elektronisch über die Plattform statt. Jeder Genussschein gewährt eine Stimme.

(7) Falls innerhalb der ersten sieben Tage der Abstimmungsfrist Investoren, die mindestens 10 % des ausstehenden Genussscheinkapitals halten, verlangen, dass die Abstimmenden sich durch Vorlage eines aktuellen Depotauszugs zu legitimieren haben ("Legitimationsverlangen"), teilt der Manager dies über die Plattform allen Abstimmungsberechtigten mit. Dadurch verlängert sich die Frist um weitere sieben Tage und es werden in diesem Fall nur diejenigen Stimmen von Investoren gezählt, die sich bis zum Ende dieser verlängerten Frist entsprechend legitimiert haben.


§ 4 Plattform, Account

(1) Genussscheinhaber, die an Investorenbeschlüssen nach § 3 Abs. 2 und 3 teilnehmen möchten, müssen sich zunächst unter der Plattform anmelden. Sie können sich unter www.aescuvest.eu ("Plattform") registrieren.

(4) Investor Resolutions pursuant to paragraphs 2 and 3 above shall be passed by investors by a simple majority of the votes cast, unless these terms and conditions provide for other majority ratios.

(5) The request for the adoption of an Investor Resolution pursuant to paragraphs 2 and/or 3 above shall be made by the Manager who will involve the Platform Operator for this purpose. The voting period shall be at least one week. The period begins on the day the Manager sends the request. The request is stored electronically in the account created for each Investor on the Platform. In addition, the Investor will receive a message to the e-mail address stored in his account. In his request, the Manager shall state the subject of the Investor Resolution and the period within which voting can take place.

(6) Investor Resolution take place electronically via the Platform. Each Profit Participation Certificate shall grant one vote.

(7) If, within the first seven days of the voting period, Investors holding at least 10 % of the outstanding Profit Participation Capital demand that the voters must prove their identity by submitting a current securities account statement ("Legitimation Request"), the manager shall inform all persons entitled to vote thereof via the platform. In this case, the voting period shall be extended by a further seven days and only the votes of Investors who have legitimised themselves accordingly by the end of this extended period are counted.

(8) The voting result thus found shall be binding for all Investors and for the voting behaviour of the Company. The resolution result shall be determined by the Manager and communicated to the Investors and the Company by sending a protocol by e-mail.

(9) The Noteholders may agree to amendments to these conditions by majority vote in accordance with sections 5 et seq. of the SchVG. An obligation to perform cannot be created for the Noteholders by majority vote.

(2) Mit Abschluss der Registrierung auf der Plattform erhält der Genussscheinhaber Zugang zu einem eigens für ihn eingerichtetes Benutzerkonto auf der Plattform („Account“). Nach erfolgreicher Legitimationsprüfung durch den Plattformbetreiber, die unverzüglich zu erfolgen hat, gilt der Genussscheinhaber als gegenüber dem Plattformbetreiber und dem Manager legitimiert, an Investorenbeschüssen nach § 3 Abs. 2 und 3 teilzunehmen.

(3) Jeder Accountinhaber ist sowohl für die Richtigkeit und Vollständigkeit der von ihm im Rahmen der Registrierung seines Accounts angegebenen Daten als auch für die rechtzeitige Mitteilung etwaiger Änderungen dieser Daten (z.B. Name, Anschrift, E-Mail-Adresse) selbst verantwortlich. Der Plattformbetreiber ist berechtigt, soweit gesetzlich (z.B. im Rahmen des Geldwäschegesetzes) erforderlich, angemessene Nachweise im Hinblick auf die im Account hinterlegten Daten zu verlangen. Im Falle einer Übertragung von Genussscheinen gilt der Erwerber als gegenüber dem Plattformbetreiber und dem Manager legitimiert, an Investorenbeschüssen nach § 3 Abs. 2 und 3 teilzunehmen, sobald a) die Übertragung dem Plattformbetreiber unter Mitteilung der in Absatz 3 Satz 1 und 2 erforderlichen Daten durch den bisherigen Investor und den Rechtsnachfolger mitgeteilt worden ist und b) der Rechtsnachfolger nach Absatz 1 und Absatz 2 registriert hat und der Plattformbetreiber erfolgreich eine Legitimationsprüfung durchgeführt hat, die unverzüglich zu erfolgen hat. Nach Anzeige der Rechtsnachfolge durch den Investor und den Rechtsnachfolger ruht das Stimmrecht bis zur erfolgreichen Legitimationsprüfung des Rechtsnachfolgers. Alternativ kann die Berechtigung durch Depotauszug oder sonstige geeignete Mittel nachgewiesen werden. Die Regelung in § 3 Abs. 7 bleibt unberührt.

(4) Accountinhaber haben die Zugangsdaten zu ihrem Account geheim zu halten, um einen unberechtigten Zugriff zu vermeiden. Accountinhaber sind weder zur Überlassung ihres Accounts an Dritte
noch zur Verwendung von Accounts Dritter berechtigt. Ein Accountinhaber hat die Plattform unverzüglich über eine möglicherweise unerlaubte Nutzung seines Accounts zu informieren.

(5) Accountinhaber können jederzeit über das in ihrem Account bereitgestellte Menü die Löschung ihres Accounts beantragen. Der Plattformbetreiber ist darüber hinaus berechtigt, den Account zu löschen, sofern der betroffene Accountinhaber keine Genussscheine mehr hält.

§ 5 Gewinnbeteiligung

(1) Die Genussscheininhaber erhalten eine Vergütung in der Weise, dass sie am verteilungsfähigen Jahresüberschuss der Gesellschaft entsprechend diesen Genussscheinbedingungen („Jahresüberschuss”) beteiligt werden („Vergütung“). Da das Vermögen der Gesellschaft ausschließlich aus der Beteiligung an dem Target besteht, hängt der Gewinn der Gesellschaft maßgeblich von den Erträgen ab, die die Gesellschaft aus Gewinnausschüttungen des Target oder aus einer möglichen Veräußerung der Target-Beteiligung generiert.


(3) Zur Bestimmung der Höhe der Vergütung wird der verteilungsfähige Jahresüberschuss der Gesellschaft auf die Genussscheininhaber im Verhältnis der Nennwerte der ausgegebenen Genussscheine verteilt. Die auf jeden ausgegebenen Genussschein entfallende Vergütung errechnet sich dann aus dem auf den jeweiligen Genussschein entfallenden Anteil am verteilungsfähigen Jahresüberschuss.

(4) Die Vergütung entfällt, wenn und soweit durch die Vergütung ein Jahresfehlbetrag bei der Gesellschaft entstehen oder sich erhöhen würde.

(5) Eine Ausschüttung durch Zahlung der Vergütung erfolgt vorbehaltlich der nachstehenden Regelungen jährlich nachschüssig, sobald der verteilungsfähige Jahresüberschuss des Vorjahres}

Accounts of third parties. An Account holder must inform the Platform immediately of any possible unauthorised use of his Account.

(5) Account holders can request the deletion of their Account at any time via the menu provided in their Account. In addition, the Platform Operator is entitled to delete the Account if the affected Account holder no longer holds Profit Participation Certificates.

§ 5 Profit Participation

(1) The Noteholders shall receive remuneration in such a way that they participate in the Company's annual distributable net income ("Annual Net Income") in accordance with these terms and conditions ("Remuneration"). As the Company's assets consist solely of its interest in the Target, the Company's profit depends to a large extent on the income generated by the Company from distributions of Target's profits or from a possible sale of the Target Shareholding.

(2) The Noteholders are entitled to the profit participation from the beginning of the 2019 financial year. The Company maintains a participation capital account I for all Noteholders, in which the nominal amounts of the Notes issued are shown. In addition, the Company maintains a participation capital account II for all Noteholders, to which the Remuneration attributable to the Noteholders is booked.

(3) To determine the amount of Remuneration, the Company's Annual Net Income for the year shall be distributed among the Noteholders in proportion to the nominal value of the Notes issued. The Remuneration attributable to each Note issued is equivalent to the share of the Annual Net Income attributable to the respective Note.

(4) The Remuneration shall not apply if and to the extent that the Remuneration would result in a net loss for the year for the Company or if such loss would increase.

(5) Subject to the following provisions, a distribution of the Remuneration shall be made annually in arrears as soon as the distributable Annual Net Income for the previous year has been


§ 6 Verlustbeteiligung


§ 7 Bestand der Genussscheine

Der Bestand der Genussscheine wird vorbehaltlich determined. Each year, 90 % of the calculated distribution amount will be distributed, while 10 % of the calculated distribution amount will initially be retained in participation capital account II with a view to a possible Carried Interest payment obligation at a later date (§ 8 para. 1). Furthermore, the distribution will only be made if the distribution attributable to a Profit Participation Certificate exceeds EUR 20. A distribution by payment of the Remuneration and/or in the event of an exit also by a possible complete or partial repayment of the Profit Participation Capital may only be made if and to the extent that the Company retains a Liquidity Reserve of at least 2 % of the paid-in Profit Participation Capital despite the distribution. A Liquidity Reserve remaining after the liquidation of the Company is distributed to the Noteholders.

(6) Any payments of Remuneration to the Noteholders shall be charged to the participation capital account II. Any repayments of the Participation Capital used will be charged to participation capital account I. The distribution or repayment shall be made via the paying agent referred to in § 9.

§ 6 Loss Participation

(1) Beginning with the 2019 financial year, the Noteholders shall participate in the loss of the Company in proportion to the nominal amounts of the Notes issued. The Noteholder is not obliged to make any additional payments (additional contributions) in excess of the nominal value of the Profit Participation Certificate.

(2) The Noteholders shall participate in the loss of the Company in such a way that an annual loss of the Company shall be distributed among the Noteholders in proportion to the nominal amounts of the Notes issued. The share of the loss attributable to the Noteholders reduces the nominal amounts of the Note issued posted to participation capital account I pro rata. If profits are made in the following financial years after the Noteholders have participated in the loss, distributable net income must first be used to replenish participation capital account I before any other appropriation of profits is made.

§ 7 Stock of Profit Participation Certificates

Irrespective of § 6, the number of Profit Participation

§ 8 Carried Interest

(2) „Exit“ ist jeweils der Zeitpunkt, in dem (i) im Rahmen einer Transaktion (insb. Kapitalerhöhung, Anteilsverkauf (Share Deal), Vermögensverkauf (Asset Deal), öffentliches Angebot/Börsengang, Umwandlung und wirtschaftlich äquivalente Gestaltungen) ein oder mehrere natürliche oder juristische Personen („Erwerber“), die von dem Target und den bisherigen Gesellschaftern des Targets unabhängig sind (keine mit der Gesellschaft oder einem unmittelbaren oder mittelbaren Gesellschafter verbundenen Unternehmen, keine Mitarbeiter oder Berater oder Treuhänder der vorstehend Genannten und keine diesen persönlich nahe stehenden Personen), unmittelbar oder mittelbar in einer oder mehreren Transaktionen im Zeitraum von bis zu zwei Jahren entweder eine Mehrheitsbeteiligung (bezogen auf die Stimmrechte) am Target oder dessen wesentliches Vermögen (mehr als 50 % des Vermögens vor Durchführung der Transaktion einschließlich stiller Reserven) erwerben und/oder in dem (ii) sämtliche Geschäftsanteile, die die Gesellschaft an dem Target hält, an einen oder mehrere Erwerber veräußert worden sind.

§ 8 Carried Interest
(1) In the event of any Exit within the sense of § 8 para. 2 that occurs during the duration of these Profit Participation Certificates, aescuvest international GmbH shall be entitled to a carried interest ("Carried Interest") as a profit share in return for the brokerage of the acquisition of the Target by the Company. The Carried Interest is an expense of the Company. The Carried Interest amounts to a total of 10 % of the Company's total pre-tax profit ("Pre-Tax Profit"), taking into account § 8 para. 3. The Pre-Tax Profit is determined on the basis of the Company's results (i.e. distributable net income) in all of the Company's financial years preceding an Exit (since its formation) including the result of the financial year in which an Exit takes place. If several Exits take place, the Pre-Tax Profit of a further Exit is calculated on the basis of the Company's results in all of the Company's fiscal years following the previous Exit, including the result of the fiscal year in which the further Exit takes place.

(2) "Exit" means the moment at which (i) in the context of a transaction (in particular capital increase, sale of shares (share deal), sale of assets (asset deal), public offer/IPO, corporate transformation and economically equivalent procedures), one or more natural or legal persons ("Acquirers") who are independent of the Target and the previous shareholders of the Target (no companies affiliated with the Company or a direct or indirect shareholder, no employees or consultants or trustees of the aforementioned and no persons personally related to them), directly or indirectly in one or more transactions over a period of up to two years, acquire a controlling interest (in terms of voting rights) in the Target or its principal assets (more than 50 % of the assets prior to the transaction, including undisclosed reserves) and/or (ii) sell all of the shares held by the Company in the Target to one or more purchasers.
(3) Für die Ermittlung der Carry-Vergütung ist von dem Vorsteuergewinn vorab das eingezahlte und nicht zurückgezahlte Genusssecheinkapital abzuziehen. Zusätzlich zu dem Genusssecheinkapital ist ab dem Eintritt der Mindestzeichnungs ein Mindestrendite von 10 % pro Jahr (p.a.), berechnet auf IRR-Basis ("Basic Return"), auf das eingezahlte und noch nicht zurückgezahlte Genusssecheinkapital in Abzug zu bringen. Wird eine Basisrendite von weniger als 10 % p.a. (Hurdle Rate) auf das eingezahlte Genusssecheinkapital erreicht, ist keine Carry-Vergütung zu entrichten.

(4) Die Carry-Vergütung ist nach einem Exit gemeinsam mit der Ausschüttung (§ 5 Abs. 5) fällig.

§ 9 Zahlstelle

(1) Auszahlungen und Hinterlegungen im Zusammenhang mit den Genussseinechen erfolgen über folgende Institut ("Zahlstelle"):

Bankhaus Gebr. Martin AG
Schlossplatz 7
D-73033 Göppingen
Telefon: +49-7161-6714-0
Telefax: +49-7161-979710
E-Mail: info@martinbank.de

(2) Der Manager behält sich das Recht vor, jederzeit die Bestellung der Zahlstelle zu ändern oder zu beenden und eine andere oder zusätzliche Zahlstelle(n) zu bestellen. Die Gesellschaft wird zu jedem Zeitpunkt eine Zahlstelle unterhalten. Eine Änderung, Abberufung, Bestellung oder ein sonstiger Wechsel wird mit Veröffentlichung im Bundesanzeiger wirksam.


§ 10 Steuern

Alle Zahlungen in Bezug auf die Genussseinechen erfolgen ohne Einbehalt oder Abzug für oder wegen gegenwärtiger oder zukünftiger Steuern, Abgaben oder behördlicher Gebühren gleich welcher Art, es sei

(3) To determine the Carried Interest, the paid-in Profit Participation Capital not yet repaid shall be deducted in advance from the Pre-Tax Profit. In addition to the Profit Participation Capital, a minimum return of 10 % per annum (p.a.), calculated on an IRR basis ("Basic Return"), on the paid-in and not yet repaid Profit Participation Capital is to be deducted from the date the Minimum Subscription threshold was reached. If a basic return of less than 10 % p.a. is achieved (hurdle rate) on the paid-in Profit Participation Capital, no Carried Interest is payable.

(4) The Carried Interest is due after an exit together with the distribution (§ 5 para. 5).

§ 9 Paying Agent

(1) Payments and deposits in relation to the Profit Participation Certificates shall be made via the following institution ("Paying Agent"):

Bankhaus Gebr. Martin AG
Schlossplatz 7
D-73033 Göppingen, Germany
Phone: +49-7161-6714-0
Fax: +49-7161-979710
E-mail: info@martinbank.de

(2) The Manager reserves the right to change or terminate the Paying Agent’s appointment and to appoint another or additional Paying Agent(s) at any time. The Company will maintain a Paying Agent at all times. A change, recall, appointment or other change becomes effective upon publication in the Federal Gazette.

(3) The Paying Agent shall act exclusively as an agent of the Company and shall not enter any obligations vis-à-vis the Noteholders. No contractual or fiduciary relationship is established between the Paying Agent and the Noteholders. In particular, the Paying Agent is not involved in the procedure for passing Investor Resolution pursuant to § 3 paras. 2 and 3, does not verify voting results, does not calculate payout amounts and does not assume any obligations vis-à-vis Noteholders in this regard.

§ 10 Taxes

All payments in respect of the Profit Participation Certificates shall be made without withholding or deduction for or on account of any present or future taxes, duties or governmental fees of any kind.
denn, dies ist in diesen Genusssscheinbedingungen ausdrücklich geregelt oder die Gesellschaft ist kraft Gesetzes verpflichtet, solche gegenwärtigen oder zukünftigen Steuern, Abgaben oder behördlichen Gebühren gleich welcher Art von den Zahlungen in Bezug auf die Genusssscheine abzuziehen oder einzubehalten. In diesem Fall leistet die Gesellschaft die entsprechenden Zahlungen nach einem solchen Einbehalt oder Abzug und zahlt die einbehaltenen oder abgezogenen Beträge an die zuständigen Behörden. Die Gesellschaft ist nicht verpflichtet, wegen eines solchen Einbehalts oder Abzugs an die Genusssscheininhaber zusätzliche Zahlungen zu leisten.

§ 11 Laufzeit, Kündigung, Rückzahlung


(2) Das Recht zur Kündigung aus wichtigem Grund bleibt unberührt (außerordentliche Kündigung). Als zur außerordentlichen Kündigung berechtigender wichtiger Grund gilt es auch, wenn sämtliche Geschäftsanteile, die die Gesellschaft an dem Target hält, an einen oder mehrere Erwerber veräußert worden sind. Die außerordentliche Kündigung ist in diesem Fall nicht fristgebunden und kann jederzeit durch die Gesellschaft oder die Genusssscheininhaber gemäß nachstehendem Absatz (d.h. mit dem erforderlichen Mindestquorum) erklärt werden.

(3) Jegliche Kündigung seitens der Genusssscheininhaber (ordentlich sowie außerordentlich bei Vorliegen eines wichtigen Grundes) erfordert zu ihrer Wirksamkeit, dass sie von Genusssscheininhbern einheitlich erklärt wird, die mindestens 25 % des ausstehenden Genusssscheinkapitals auf sich vereinigen ("erforderliches Mindestquorum").

(4) Die gekündigten Genusssscheine besitzen bis zum Wirksamwerden der Kündigung ihre vollen Rechte.

(5) Im Falle der wirksamen Kündigung erfolgt die Rückzahlung der Genusssscheine an jeden Genusssscheininhaber wie folgt:

a) Nennbetrag gemäß § 1 Abs. (1) der vom

§ 11 Term, Termination, Repayment

(1) The Profit Participation Certificates shall be established for an indefinite period. Both the Company and the Noteholders are each entitled to terminate the Profit Participation Certificates with twelve months’ notice to the end of a financial year (ordinary termination). However, notice of termination may be given at the earliest at the end of financial year 2033 and only under the condition specified in para. 3 (fixed term).

(2) The right to termination for grave cause remains unaffected (extraordinary termination). Grave cause justifying extraordinary termination shall also be deemed to exist if all shares held by the Company in the Target have been sold to one or more purchasers. In this case, the extraordinary termination is not subject to a time limit and can be declared at any time by the Company or the Noteholders in accordance with the following paragraph (i.e. with the Required Minimum Quorum).

(3) Any termination by the Noteholders (ordinary or extraordinary in the case of grave cause) will be effective only if declared uniformly by Noteholders who hold at least 25 % of the outstanding Profit Participation Capital ("Required Minimum Quorum").

(4) The terminated Profit Participation Certificates shall retain their full rights until the termination takes effect.

(5) In the event of effective termination, the Profit Participation Certificates shall be repaid to each Noteholder as follows:

a) Nominal amount pursuant to § 1 para. (1) of
Genusssscheininhaber gehaltenen Genusssscheine;

b) abzüglich einer etwaigen anteiligen Verlustbeteiligung gemäß § 6 Abs. (1) sowie zuzüglich einer etwaigen anteiligen Wiederauffüllung gemäß § 6 Abs. (2);

c) zuzüglich etwaiger anteiliger Guthaben auf dem Genusssscheinkapitalkonto II; und

d) abzüglich einer etwaigen Carry-Vergütung gemäß § 8.

Der nach Satz 1 ermittelte Rückzahlungsbetrag ist grundsätzlich innerhalb von vier Wochen nach Wirksamkeit der Kündigung und dem Ende des Geschäftsjahres, in das die Kündigung fällt, zur Zahlung fällig; falls und soweit aber die Gesellschaft zur Zahlung des Rückzahlungsbetrags auf Zahlungseingänge angewiesen ist und diese zu diesem Zeitpunkt noch nicht erhalten hat, ist der Rückzahlungsbetrag fällig, sobald die Gesellschaft einen entsprechenden Zahlungseingang erhalten hat. Klarstellend wird festgehalten, dass die Genusssscheininhaber an etwaigen Gewinnen und Verlusten beteiligt sind, die nach Erklärung der Kündigung auf Basis einer Abschreibung oder einer Veräußerung oder einer sonstigen Wertberichtigung der Target-Beteiligung oder weiterer Kapitalzuflüsse anfallen. § 9 gilt bis zur ordnungsgemäßen Rückzahlung des Rückzahlungsbetrags an die Genusssscheininhaber fort.

§ 12 Sonstige Regelungen


(2) Alle die Genusssscheine betreffenden Mitteilungen der Gesellschaft erfolgen, soweit gesetzlich nicht anders vorgeschrieben oder in diesen Bedingungen nicht anderweitig geregelt, durch Veröffentlichung im Bundesanzeiger, Rubrik Kapitalmarktinformationen. Jede Mitteilung gilt am dritten Tag nach dem Tag der Veröffentlichung als wirksam erfolgt.

(3) Diese Vereinbarung sowie alle sich daraus ergebenden Rechte und Pflichten bestimmen sich ausschließlich nach dem Recht der Bundesrepublik Deutschland. Erfüllungsort ist Frankfurt am Main.

(4) Ausschließlicher Gerichtsstand für alle Streitigkeiten, die sich aus den in diesen Genusssscheinbedingungen geregelten Rechtsverhältnissen ergeben, ist Frankfurt am Main.

§ 12 Other regulations

(1) The offsetting of claims from the Profit Participation Certificates against claims of the Company is excluded. The Noteholders are not granted any collateral by the Company or third parties.

(2) Unless otherwise prescribed by law or otherwise provided for in these terms and conditions, all notices of the Company relating to Profit Participation Certificates shall be published in the Federal Gazette (Bundesanzeiger) under the heading "Capital Market Information" (Kapitalmarktinformationen). Each notification shall be deemed effective on the third day following that of its publication.

(3) This agreement and all rights and obligations arising therefrom shall be governed exclusively by the laws of the Federal Republic of Germany. Place of performance is Frankfurt am Main.

(4) The exclusive place of jurisdiction for all disputes arising from the legal relationships governed by these terms and conditions shall be Frankfurt am Main. Sentence 1 applies only to merchants, legal
Satz 1 gilt nur für Kaufleute, juristische Personen des öffentlichen Rechts, öffentlich-rechtliche Sondervermögen und Personen ohne allgemeinen Gerichtsstand in der Bundesrepublik Deutschland.

(5) Diese Bedingungen werden in deutscher und englischer Sprache ausgefertigt; im Falle von Abweichungen geht die deutsche Fassung vor.

entities under public law, special funds under public law and persons without a general place of jurisdiction in the Federal Republic of Germany.

(5) These terms and conditions are drawn up in German and English; in the event of deviations, the German version shall prevail.
J. DESCRIPTION OF THE TARGET (START-UP)

With respect to any information included in this Section J of the Prospectus and specified to be sourced from a third party (i) Surge-on Medical B.V. (the “Target”) confirms that any such information has been accurately reproduced and as far as the Target is aware and is able to ascertain from information available to it from such third party, no facts have been omitted the omission of which would render the reproduced information inaccurate or misleading and (ii) the Target has not independently verified any such information and accepts no responsibility for the accuracy thereof.

1. Information about the Target

1.1. The legal and commercial name of the Target

The legal name is Surge-on Medical B.V. (Besloten Vennootschap) (“Target”) or “(Surge-on Medical”). The Target also operates on the market under its commercial name Surge-on Medical.

1.2. The place of registration of the Target and its registration number.

Registered in Delft, The Netherlands, under registration number RSIN 855297888. The Target is listed in the Commercial register of the Chamber of Commerce under the following file number: 63561778.

1.3. The date of incorporation and the length of life of the Target, except where indefinite.

The Target was registered as a company on 23 June, 2015, for indefinite length.

1.4. The domicile and legal form of the Target, the legislation under which the Target operates, its country of incorporation, and the address and telephone number of its registered office (or principal place of business if different from its registered office).

The Target was incorporated and is registered as a Besloten Vennootschap (B.V.) (i.e. a private limited liability company) governed by Dutch law, with registered office at Rotterdamseweg 183 C, 2629HD Delft, The Netherlands, telephone number +31 15 2682 513.

1.5. The legal jurisdiction by which the pool of assets is governed.

As the Target is the only asset underlying the securitization, the pool of assets is subject to Dutch law.

1.6. A description (including the amount) of the Target's principal investments for each financial year for the period covered by the historical financial information up to the date of the registration document.

For the financial year 2015/2016 EUR 2,888.00 was invested in equipment (office furniture and computers), in 2017 there were no investments in equipment. In 2018 investments in equipment (office furniture and computers) totaled EUR 2,874.00.

The main investments in all years were in development and intellectual property, as stated below:

During 2015/2016 the company invested in development of the Steerable Punch, Steerable Grasper, and the Portable Laparoscopic Robot System (“PoLaRS”) robot, leading to intangible fixed assets of EUR 78,428.00 (of which EUR 50,285.00 development costs and EUR 28,143.00 intellectual property). For the year 2017 these investments have increased and lead to additions on the previous numbers of EUR 20,644.00 for intellectual property and EUR 146,435.00 for development costs.
In 2018 intellectual property investments were EUR 19,923.00 and development costs EUR 34,189.00 (2015-2018 numbers based on audited financial statements).

From January 1, 2019 to the date of the prospectus intellectual property investments have been EUR 48,000.00 (unaudited) and development costs EUR 4,000.00 (unaudited), taken from unaudited financial management reports. No further investments were made.

1.7. A description of the Target’s principal investments that are in progress, including the geographic distribution of these investments (home and abroad) and the method of financing (internal or external).

All investments in progress are financed either internally (i.e. out of current liquidity) or externally from incoming cash flow from grants. All investments in progress will be employed in the Netherlands and be related for the major part to development (as described above) and intellectual property. Regarding the intellectual property: as described in section J.4.1 below, some of the patents are pending (national phase) and others are granted, which leads either to local examination costs or annual patent taxes.

For the upcoming clinical study, to be conducted from August 2019 to March 2020 in the Netherlands together with a university, an academic hospital and a regular hospital, the company has provided a batch of the current Steerable Punches to the hospitals. No other investments are needed. Additionally, the company invested in equipment, as two new laptops and two desktops were acquired.

1.8. Information concerning the Target’s principal future investments on which its management bodies have already made firm commitments and the anticipated sources of funds needed to fulfill these commitments.

Future investments with firm commitment are the payment of the patent licensing contracts with Delft University of Technology for the amount of EUR 10,000.00 in July 2019 and of EUR 20,000.00 in February 2020. The Target will use its internal funds for this. Next to that, the remaining investment in the national phase in different countries for Surge-on Medical’s 4 patents is expected to be EUR 15,000.00 in 2019. This will be matched with internal funds.

The Target has not committed to other investments. This will only be done after acquiring substantial funding for example for manufacturing, distribution and marketing.

2. Business overview

2.1. A brief description of the Target’s operations and principal activities and of any significant changes impacting these operations and activities since latest two published audited financial statements, including an indication of any significant new products and services that have been introduced and, to the extent the development of new products or services has been publicly disclosed, the status of development.

Surge-on Medical B.V. was founded in 2015 with the aim of providing innovative surgical tools that optimize and expand the performance of the surgeon to enhance the quality of care for the patient. Surge-on Medical B.V. develops steerable, detachable and cleanable surgical instruments based on its exclusive portfolio of four patents. Since 2015 Surge-on Medical B.V. has successfully developed and tested 2 instruments for arthroscopy and laparoscopy, and more are next in line.
The team

The founders of Surge-on Medical B.V. are serial medtech entrepreneurs with complementary backgrounds in business and engineering. They’re supported by a multidisciplinary team of surgeons, researchers from Dutch universities and engineers.

The company’s unique offer

As minimally invasive surgery is performed through small incisions, gaining access to the surgical site can be challenging. The multiple pre-bent or complex steerable instruments used per surgery limit the surgeon’s abilities and interrupt their workflow, risking surgeons’ comfort and patients’ care. Currently, surgeons need 10-20 instruments per knee surgery to reach the surgical area. This instruments are stiff, and the surgeons need to use them in uncomfortable positions that can strain their wrists and even harm healthy tissues in the patients. All these instruments need to be available per surgery even when they’re not used, rising the costs of the surgeries. In the opinion of the Target, the unique combination of steerability, detachability and cleanability of Surge-on Medical’s instruments cannot be found in other instruments currently in the market, and could allow surgeons to perform faster and safer surgeries with just one reusable instrument. The design has no cables and makes the instrument fully detachable and cleanable through standard procedures, aiming for time, cost and environmentally effective use.

Unique selling points of Surge-on Medical’s steerable instruments

Surge-on Medical’s patented products, have the following unique advantages:

- Steerable tips: Allow a better access to hidden surgical areas and replace multiple currently used pre-bent instruments per surgery.
- Detachable: Cable-less technology that is fully detachable to facilitate easy and fast inspection.
- Cleanable: Instruments easy to clean and to sterilize by standard methods, providing optimal prerequisites for safe reuse.
- Simple and optimized designs that fit into circular economy tendencies in healthcare.
- Ideal to spread advanced laparoscopy and arthroscopy techniques worldwide, even in low resource settings.

The market

Surge-on Medical’s patented steerable technology is intended to be the base of a platform of technologies with applications in many fields of surgery. Surge-on Medical B.V.’s products cannot be purchased on the market yet.

The Steerable Punch is the Target’s first product, aiming for application in arthroscopy, that counts for a global market with estimated annual volume of EUR 273 m. Further products currently in development are the Steerable Grasper, which is aiming for application in laparoscopy that counts for a global market with annual volume of EUR 1.8 bn, and PoLaRS (a portable surgical robot), addressing a global market with annual volume of EUR 3.2 bn. The estimated market sizes are in the opinion of Surge-on Medical B.V.’s management and based on the sources as referred to in section J.2.2.

Business model

Surge-on Medical will coordinate all manufacturing and distribution activities with established industry partners. The business model consists of three revenue streams:

- Selling products to distributors or hospitals;
• Intellectual property (“IP”) licenses for distributors and industry;
• Industry-paid contract research to develop new products based on the company’s.

**Strategy**

To become the worldwide leader in the development of minimally invasive instruments, Surge-on Medical is planning a fast expansion into other surgical fields. To start, the Target will focus on the market launch of the Steerable Punch to achieve market recognition and initial profit, needed to support the further development of new products. This growth requires additional funds to cover the large-scale manufacturing of the Steerable Punch, marketing activities, certifications costs, additional research and development (“R&D”) and team expansion in engineering and sales.

Surge-on Medical’s operations and principle activities consist of research, development, securing intellectual property for the previous, prototyping, outsourcing manufacturing, business development, and acquiring funding for our multi-patented platform technology which makes minimally invasive surgical instruments steerable, detachable and cleanable. All products are and will be developed by Surge-on Medical B.V., but manufacturing is and will be done by third parties on behalf of Surge-on Medical B.V.

**Current products are:**

- **Steerable Punch** steerable instrument for arthroscopy
  in development since 2015
  current stage: production, sales and clinical testing

- **Steerable Grasper** steerable instrument for laparoscopy
  in development since 2016
  current stage: prototype and preclinical testing

- **PoLaRS – Portable Laparoscopic Robot System**
  in development since 2017
  current stage: proof of concept

- **PoLaRS VR training system**
  in development since 2018
  current stage: early prototype

**The Target’s corporate purpose**

According to Article 3 of the Target’s articles of association, the purpose of the Target as a company is:

a. The development and marketing of medical instrumentation and other products;

b. exploitation and marketing of patents, trademark rights, licences, know-how, copyrights, databases and other intellectual property rights;

c. establishing, participating in, controlling and cooperating with legal entities, companies and corporations in any way;

d. providing advice and the provision of services to legal persons, companies and corporations with which the company is affiliated in a group and to third parties;

e. the financing of legal persons, companies and corporations;
f. borrowing, lending and gathering shall include issuing bonds, debt securities or other securities, and the entering into related agreements;

g. the provision of guarantees, connecting the company and the assets of the company on behalf of legal entities, companies and corporations with which the company is in a group and for the benefit of third parties;

h. obtaining, managing, objecting, exploiting and alienating registered property and assets in general;

i. trading of currencies, securities and assets in general;

j. performing all types of industrial, financial and commercial activities,

and, furthermore, all that may be linked or conducive to this, all in the broadest sense of the word.

2.2. **A brief description of the principal markets in which the Target competes and of any significant changes impacting these markets since latest two published audited financial statements.**

Surge-on Medical competes in the market of minimally invasive instruments, worldwide, but with a (non-exclusive) focus on European Union, China and later the United States.

The Steerable Punch will primarily be used for meniscectomies (cutting of rupture meniscus tissue located in the knee joint), where the Steerable Grasper will be used for laparoscopic surgeries (abdominal area surgeries). The Portable Laparoscopic Robot System (PoLaRS) is part of the surgical robot market.
Estimated annual market size, for the niche of the Surge-on Medical platform technology:

<table>
<thead>
<tr>
<th>Arthroscopy</th>
<th>Laparoscopy</th>
<th>Robotic surgery</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Meniscal Punches</strong></td>
<td><strong>Instrumentation</strong></td>
<td><strong>Surgical robots</strong></td>
</tr>
<tr>
<td>€601 M (^a)</td>
<td>€7.6 billion (^c)</td>
<td>€3.6 billion (^e)</td>
</tr>
<tr>
<td>World: 4 M knee surgeries(^b)</td>
<td>World: 35 M laparoscopies(^d)</td>
<td>For all surgical areas</td>
</tr>
</tbody>
</table>

\(^a\) Using, in average 4.4 instruments per surgery. Estimated number derived from Surge-on Medical’s management.

Estimated annual market size, for the current Surge-on Medical products in development:

<table>
<thead>
<tr>
<th>Arthroscopy</th>
<th>Laparoscopy</th>
<th>Robotic surgery</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Steerable Punch</strong></td>
<td><strong>Steerable Grasper</strong></td>
<td><strong>PoLaRS</strong></td>
</tr>
<tr>
<td>€273 M (^a)</td>
<td>€1.8 billion (^c)</td>
<td>€3.2 billion (^e)</td>
</tr>
<tr>
<td>World: 4 M knee surgeries(^b)</td>
<td>World: 35 M laparoscopies(^d)</td>
<td>For laparoscopic surgeries</td>
</tr>
</tbody>
</table>

\(^a\) Using, just 1 instrument per surgery. Estimated number derived from Surge-on Medical’s management.
\(^c\) Conservative approximation only considering graspers. Estimated number derived from Surge-on Medical’s management.

In the opinion of the Target, the threat of substitutes is moderate to high for both Europe and USA, and increasingly in China and Japan too. Continuing advances in surgical techniques have pushed companies to become more innovative and competitive. However, finding an alternative for a stiff and steerable tip that has a small bending radius, combined with detachability and cleanability, other than our patented SATA mechanism, has proven extremely difficult. The Target believes that its product’s advantages are well secured by the strength of the patents – either being granted or filed for – as intellectual property rights can prevent other companies to copy the inventions. With the Target’s intellectual property, potentially the majority of the minimally invasive surgical instruments (currently on the market) can be made steerable and detachable, which can increase the market size numbers in the future.
In the opinion of the Target, the intensity of competitive rivalry within the arthroscopy and laparoscopy market is assessed as moderate. Competitors are mostly large healthcare companies or small and medium sized enterprises ("SME"). The strategy of large healthcare companies is to differentiate from their competitors. One of the methods they use is acquiring small technology-driven SMEs in order to strengthen their product portfolios.

For all products, private and public hospitals are the end-customer, and surgeons the end-user. Surgeon Medical will target the hospitals by direct (B2B) sales and the use of specialized distributors to open new (geographical) markets.

2.3. The important events in the development of the Target's business

Surge-on Medical B.V. was founded in 2015 with the aim of providing innovative surgical tools that optimize and expand the performance of the surgeon to enhance the quality of care for the patient.

The Target is using (among others) the Shaft Actuated Tip Articulation mechanism ("SATA") technologies, which is secured by two patents that are being researched since 2003 and patented since 2013 at Delft University of Technology. Surge-on Medical has an exclusive license on both patents. According to the exclusive license agreement between Delft University of Technology and Surge-on Medical, the ownership of the patents will be transferred to Surge-on Medical completely in 2019 after submitting the payment of the annual licensing fee.

The patents are the basis for the Steerable Punch, an innovative solution which offers the needed extra reachability in knee joints and prevents the use of multiple cutting tools. The SATA mechanism allows the tip to be positioned at all possible angles between 55 and -55 degrees and simultaneously allows precision cutting of tough tissues within one single instrument.

In 2016 Surge-on Medical applied for two new patents: a) relates to a surgical device for minimally invasive surgery, comprising a shaft and a surgical module mounted to the distal end thereof; and b) relates to a surgical device for minimally invasive surgery.

From 2016 to 2018 the company has been developing the Steerable Grasper, this is the first multi-steerable instrument of their advanced laparoscopic surgery line. Based on the company's patented steerable mechanism, the Steerable Grasper features freedom wrist function of two degrees in the tip that allows surgeons to perform advanced laparoscopic procedures in an intuitive and ergonomic way. In 2018 the company completed the late prototype, tested by surgeons in non-invasive settings, and to be expected for market introduction by early 2020.

Since 2017, the company is developing PoLaRS a lightweight, portable telesurgical system intended for performing advanced laparoscopic surgery at low costs, in comparison with existing systems. The PoLaRS robotic system is being designed to be modular, portable and affordable, thus overcoming the limitations of the existing robotic surgical systems. Additionally, the robotic master-slave system is designed to be transported in two cases. The lack of locally arranged training possibilities is the second reason why robotic surgery is not implemented on a large scale in developing areas. To address this issue, Surge-on Medical is connecting the PoLaRS master to a Virtual Reality (VR) environment, as an alternative use for the master robot. PoLaRS is currently at Technology Readiness Level ("TRL") 3, meaning that a proof-of-concept has been demonstrated. The first prototypes of the master, the slave robot, and the VR module have been built and will be tested in a comparison study with the Da Vinci Xi system, in collaboration with the VUmc and Reinier de Graaf hospitals.

The O-series production of the Steerable Punch of 15 pieces was finished in 2018. These punches will be used from the third quarter of 2018 by our elite test team of surgeons on real patients. The preparation for larger scale production has started.
Since 2018 the company is developing a semi-detachable version of the Steerable Punch. The new design allows assembly and disassembly in one step, for easy manipulation at the sterilization department. This instrument is specially developed for western/developed hospitals that have adequate cleaning/washing machines with a flow connector that can be connected to the instrument tray.

In 2018 the company entered a partner agreement with Delft University of Technology referring to an international research grant that gives Surge-on Medical first right of refusal on a license of any new developed intellectual property during the period between years 2018 to 2025.

In 2018, a network of international distributors was established and mass production plan for the Steerable Punch has been completed.

In 2018 Surge-on Medical has acquired new funding and completed the Medical Ethical Review Committee (Medisch Ethische Toetsings Commissie, “METC”) approval of a Dutch hospital, which lead to the start of in-patient surgeries (August 2018) and completion of the CE (Conformité Européenne) approval.

In 2019, Surge-on Medical has been certified with two KFDA (South Korean FDA) certifications for two versions of the Steerable Punch. This has lead to the first sales in South Korea, and partnerships with two South Korean distributors.

The focus on cost-effective and high-quality manufacturing has lead to the inclusion of at least one extra manufacturer for the Steerable Punch in 2019.

Surge-on Medical’s R&D efforts have lead in 2019 to an improved, and final, version of the Steerable Punch; Delft University of Technology and VU Medical Centre have published a scientific article about the Steerable Grasper; and multiple international companies have shown interest in licensing Surge-on Medical’s technology for their own applications.

**Awards and funding:**

The Target acquired EUR 100,000.00 funding from a business angel (2016), won STW Take-off government loan EUR 249,500.00 (2015), commercial subordinated bank loan EUR 150,000.00 (2018), and between 2016 and 2018 achieved diverse award grants, described below the most relevant of those:

In 2017 Surge-on Medical joined the European Catapult competition for healthcare startups, and was awarded by EIT Health in reaching the top 3 of best European startups in the category medtech.

Early 2018 Surge-on Medical was awarded by a EUR 71,000.00 grant from the Province of Zuid-Holland (Netherlands) and reached the top 10 with its plan for the development of a cost-efficient manufacturing process for the Steerable Punch, together with a Dutch manufacturer.

In 2018 Surge-on Medical and Delft University of Technology were selected by Medical Delta for validation studies in a Delft hospital (awarded EUR 10,000.00 grant).

In May 2019 EIT Health confirmed that Surge-on Medical will receive a EUR 50,000.00 grant (Headstart) for the market introduction preparation for the Steerable Punch.
2.4. Extraordinary factors that have an effect on the principal Activities or the principal markets.

In 2018 Surge-on Medical has acquired new funding of EUR 221,000.00 (consisting of EUR 150,000.00 bank loans and EUR 71,000.00 grants), increased revenue and expanded its R&D portfolio and completed the METC approval of a Dutch academic hospital, which leads to the start of in-patient surgeries in August 2018 and the completion of the CE approval. The Steerable Punch is a Class I medical device (meaning that there is a relatively low level of inherent risk associated to this medical device, according to Article 51 and Annex VIII of Regulation (EU) 2017/745 of the European Parliament and of the Council on medical devices) and with the CE mark, it meets the regulation of the European Union, which allows sales in this region.

The company has completed manufacturing of the first series of Steerable Punches and sold five demo models (2018) and two final models (2019) at full market introduction price (EUR 2,500.00 each), validated the usability of the Steerable Grasper prototypes through an academic study, tested the new PoLaRS VR training system (early prototype) successfully with surgeons, and has continued improving the PoLaRS (full system) proof of concept.

2.5. If material to the Target's business or profitability, summary information regarding the extent to which the Target is dependent on patents or licenses, industrial, commercial or financial contracts or new manufacturing processes.

With a portfolio of innovative, disruptive products, Surge-on Medical is highly dependent on intellectual property, to keeping a competitive advantage on the market. The four patents (all applied for in or granted in European Union, parts of Asia (China and/or Japan) and United States are the base of the Target's products and market success. The patents are public under the reference numbers: WO2018106116, WO2018074919, WO2014148898 and WO2016111621.

The first two of the patents as described below (WO2014148898 and WO2016111621) are part of an exclusive license that the company receives from the Delft University of Technology. In 2019 these patents will be fully on the Target's name (applicant) and the license is valid for the patents lifespan (until 2033 and 2035). See section 16 for more information about these license agreements.

**WO2014148898:**

The unique SATA mechanism principle that is used in the Steerable Punch and the Target's other products has been disclosed after a patent search that indicated no relevant competitors for a stiff steerable mechanism with a small bending radius. Therefore, the novelty search turned out strongly positive and states that all 17 claims are novel, new and industrial applicable without exception.

The full patent can be found under number WO2014148898 in public databases like Espacenet. This patent has been granted for Europe (validated in AT, BE, CH, CZ, DE, DK, ES, FI, FR, GB, GR, IE, IT, NL, NO, PL, SE and TR), granted for Japan and granted for the USA.

**WO2016111621:**

This additional patent relates to the unique release and locking mechanism that makes tip (cutter) changes possible with a single press on one button. This patent allows the development of a long-lasting reusable version of the SATA Punch as described in the first patent.

The full patent can be found under number WO2016111621 in public databases like Espacenet. This patent is granted for Europe (validated in BE, CH, DE, FI, FR, GB, NL, NO and SE), and pending and in examination in China, Japan and USA.
WO2018074919:

Filed in October 2016, it relates to a surgical device for minimally invasive surgery, comprising a shaft and a surgical module mounted to the distal end thereof. The shaft includes a tube and a pair of sliders driven by the tube via a rotary to linear linkage such that a rotation of the tube around the longitudinal axis induces a movement of the sliders along the longitudinal axis, in mutually opposite directions. The surgical device further includes a unique way to connect nitinol wires to a corresponding slider and to the surgical module such that a movement of the sliders, in mutually opposite directions, induces a movement of the surgical module in the first degree of freedom. The tube is also axially movable towards the proximal end of the shaft inducing a movement of both sliders away from the surgical module, thereby inducing a movement of the surgical module in the second degree of freedom.

The full patent can be found under number WO2018074919 in public databases like Espacenet. This patent has been granted in the Netherlands and is currently under International Patent Application No. PCT/NL2017/050676 and has entered the national/regional phase in 2019 in Europe, China, USA and South Korea.

WO2018106116:

Filed in December 2016, it relates to a surgical device for minimally invasive surgery. The surgical device comprises a shaft extending along a longitudinal axis to a distal end thereof, and a surgical module mounted to the distal end of the shaft and provided with a movable surgical element. The shaft includes a tube that is rotatable relative to the shaft and a further tube. The shaft further includes at least one slider connected to the surgical module and operatively driven by the rotatable tube via a rotary to linear linkage such that a rotation of the rotatable tube around the longitudinal axis induces a movement of the slider along the longitudinal axis thereby inducing a movement of the movable surgical element. The further tube is coaxial with the rotatable tube and rotationally stationary relative to the shaft. Further, the at least one slider is rotationally locked relative to the stationary tube.

The full patent can be found under number WO2018106116 in public databases like Espacenet. This patent has been granted in the Netherlands and is currently under International Patent Application No. PCT/NL2017/050824 and has entered the national/regional phase in 2019 in Europe, China, USA and South Korea.

Any newly developed manufacturing process for the Target’s products with the current and future production partners (currently all in the Netherlands and Germany), is subject to confidentiality and in case it is the base for new intellectual property, Surge-on Medical will own these rights, as part of the partners’ general terms and conditions and contracts.

The only financial/commercial contracts that have dependencies are the bank and government loans. See section J.16 for more information about the (payment) terms.

3. Organizational structure / property, plants and equipment

3.1. If the Target is part of a group, a brief description of the group and the Target’s position within the group.

The Target is a single entity.

3.2. If not included in the financial statements, a list of the Target's significant subsidiaries, including name, country of incorporation or residence, proportion of ownership interest and, if different, proportion of voting power held.
The Target does not have any subsidiaries.

3.3. A description of any environmental issues that may affect the Target’s utilization of the tangible fixed assets.

The only significant environmental resources are (surgical) steel for the surgical instruments and required energy for manufacturing. Both are available abundantly, so no issues are expected in the opinion of the Target’s management.

4. Research and development, patents and licenses / trend Information

4.1. Where material, provide a description of the Target’s research and development policies for each financial year for the period covered by the historical financial information, including the amount spent on Target-sponsored research and development activities.

Surge-on Medical’s operations and principle activities consist of research, development, securing intellectual property for the previous, prototyping, outsourcing manufacturing, business development, and acquiring funding for our multi-patented platform technology which makes minimally invasive surgical instruments steerable, detachable and cleanable.

Current products in development are:

- Steerable Punch (arthroscopy) since 2015 (current stage: sales, production and clinical testing);
- Steerable Grasper (laparoscopy) since 2016 (current stage: prototype);
- Portable Laparoscopic Robot System (PoLaRS) since 2017 (current stage: proof of concept);
- PoLaRS VR training system, since 2018 (current stage: early prototype).

The four patents are the base of the Target’s products and therefore profitability. The patents are public under the reference numbers: WO2018106116, WO2018074919, WO2014148898 and WO2016111621.

Research and development policies have been focused on designing, validating, test-manufacturing, testing, development improvements and manufacturing of the Steerable Punch in the period 2015-2018. Since 2016 this has been done for the Steerable Grasper too, with the exception of manufacturing. Portable Laparoscopic Robot System (PoLaRS) since 2017 and PoLaRS VR training system since 2018 are in an early, but promising, R&D stage, for each proof of concepts have been validated.

All research and development activities have been financed by Surge-on Medical, and where grants, loans or investments were received for these activities, only Surge-on Medical holds and will hold the intellectual property rights, commercialization rights and all other rights on the (outcomes of) these developments.

Based on the audited reports 2015-2018, the balance sheet total for development costs and intellectual property was in 2015/2016 EUR 78,428.00 (of which EUR 50,285.00 were development costs) and in 2017 EUR 229,984.00 (of which EUR 183,146.00 were development costs). During 2018, this total amount increased to EUR 250,559.00. Research costs are not activated on the balance sheet. For all years research costs (derived from financial statements) account for an extra 15 to 20 percent on top of the development and intangible fixed assets.
4.2. The most significant recent trends in production, sales and inventory, and costs and selling prices since the end of the last financial year to the date of the registration document.

In 2018 Surge-on Medical has sold five demo models of the Steerable Punch to a client in China (at full commercial market introduction price of EUR 2,500.00 each). In the same year a research contract with a robotics company from the United States was completed. From February 2019, six Steerable Punches are given on loan to a Dutch hospital (as part of the clinical study mentioned in section J.1.7).

For production and production costs, the Target focuses on manufacturing bigger numbers of the Steerable Punch at lower costs. For this, the Target was awarded with a government grant, which allows the Target and its production partner to develop new methods for cost effective manufacturing. In January 2019 the Target has received the second payment of this grant.

Additionally, multiple new connections with suppliers and manufacturers have been made, which confirms a reduction in production costs for the next production batches, and thereby increasing the gross profit margin of the Steerable Punches (as the commercial market introduction price remains the same). In January 2019 this reduction in production costs was confirmed by receiving the second favorable quotation of another German manufacturer. By the confirmation (May 2019) of receiving a new grant, and pre-order from a distributor, the Target plans new production for July 2019 and will start sales. This production will be matched with the orders the Target has received June 19 for Steerable Punches to South Korea.

4.3. Information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Target's prospects for at least the current financial year.

Currently, the start of the patient surgeries and clinical testing of the Steerable Punch is pending due to the hospital’s scheduling of the surgeries. The Target expects this to start from August 2019. As the Steerable Punch is a Class I medical device (it is invasive, reusable and intended to be in contact with the patient for around 15 minutes, and therefore classifying as Class I according to the Regulation (EU) 2017/745 of the European Parliament and of the Council on medical devices, Annex VIII), which was confirmed by specialized law firms, the CE is not dependent on a notified body. Surge-on Medical has the CE documentation and the declaration of conformity complete. After the completion of testing in-patient surgeries, the Target will introduce the Steerable Punch in the market.

5. Capital resources

5.1. An explanation of the sources and amounts of and a narrative description of the Target's cash flows

In the past and current years, incoming cash flows primarily derived from non-dilutive financing (government grants, government loans and regular bank loans), these are listed below,

- Capital paid-in by founders EUR 1,000.00 (year 2015)
- Government loan (STW Take-off), EUR 249,500.00 (year 2016);
- Project grant (Medical Delta), EUR 10,000.00 (year 2017-2018);
- EIT- Health grants (different projects), total EUR 60,000.00 (year 2017-2018);
- Government grant (MIT R&D), EUR 71,000.00 (year 2018);
- Sub-ordinated bank loan (Rabobank), EUR 150,000.00 (year 2018);
- Headstart grant (EIT Health), EUR 50,000.00 (year 2019).

Additionally, the company has received an equity investment from a business angel.
• Investment by business angel of EUR 100,000.00 (year 2016), 31 ordinary shares to be issued end 2019.

Incoming cash flow also derived from pre-market launch revenues. Revenues are expected to increase in the future, as in 2019 the market launch of the first product, the Steerable Punch, will take place.

• Revenue out of sales, EUR 26,596.00 (year 2017, audited net turnover);
• Revenue out of sales, EUR 23,983.00 (year 2018, audited net turnover);
• Revenue out of sales EUR 10,160.00 (unaudited, source: internal accounting, 2019, until the date of the prospectus); current pre-order value for 2019: EUR 39,000.00 (unaudited, source: internal accounting, growing).

The cash flow statement (next page) is derived from the audited annual report 2018, which is included in this Prospectus (section J.15.8 below). There are no lines of credit.

Cash and cash equivalents are exclusively in euros and consist of balances due on demand at domestic financial institutions.
<table>
<thead>
<tr>
<th>Cash flow statement for full year ended December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>The cash flow statement has been drawn up using the indirect method.</td>
</tr>
<tr>
<td></td>
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<td></td>
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<td></td>
</tr>
<tr>
<td><strong>Cash flow from operation activities</strong></td>
</tr>
<tr>
<td>Operating profit / -loss</td>
</tr>
<tr>
<td>Adjustments for:</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
</tr>
<tr>
<td>Movements in provisions</td>
</tr>
<tr>
<td>Changes in working capital:</td>
</tr>
<tr>
<td>Movements in amounts receivable</td>
</tr>
<tr>
<td>Movements in trade creditors</td>
</tr>
<tr>
<td>Movements in current liabilities (excluding prepaid investment new shareholder)</td>
</tr>
<tr>
<td>Corporate income tax</td>
</tr>
<tr>
<td>Interest paid</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td><strong>Cash flow from operating activities</strong></td>
</tr>
<tr>
<td><strong>Cash flow from investing activities</strong></td>
</tr>
<tr>
<td>Additions to intangible fixed assets</td>
</tr>
<tr>
<td>Additions to tangible fixed assets</td>
</tr>
<tr>
<td>Disposals of intangible fixed assets</td>
</tr>
<tr>
<td><strong>Cash flow from investing activities</strong></td>
</tr>
<tr>
<td><strong>Cash flow from financing activities</strong></td>
</tr>
<tr>
<td>Movements in legal and statutory reserves</td>
</tr>
<tr>
<td>Addition to legal and reserves</td>
</tr>
<tr>
<td>Issue of subordinated loans</td>
</tr>
<tr>
<td>Increase in other long-term liabilities</td>
</tr>
<tr>
<td><strong>Cash flow from financing activities</strong></td>
</tr>
<tr>
<td>Movements in cash at bank and in hand</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Change in cash and cash equivalents</td>
</tr>
<tr>
<td>+ Cash and cash equivalents at beginning of the period</td>
</tr>
<tr>
<td>= Cash and cash equivalents at the end of the period</td>
</tr>
</tbody>
</table>

**Cash flow from operating activities (following text not audited; source: Target’s management)**

The cash outflow from operating activities and its operating loss in all fiscal years is mainly caused by the start-up nature of the Target: costs are higher than revenues, as the product market launch will be in 2019. Additional cash-flow in 2019 (until the date of the prospectus) consisted, inter alia, in the EUR 50,000.00 non-dilutive Headstart grant by EIT Health. The contract is signed and payment is expected not later than end of July 2019. There are no capital restrictions on this grant.

**Cash flow from investing activities (following text not audited; source: Target’s management)**

Cash outflows for investing activities in fiscal years 2018 and 2017 were for intangible fixed assets (intellectual property and development). This is due to the innovative nature of the Target, and all these investments are expected to be earned back from the sales of the products in 2019 and 2020. In 2019, until the date of this prospectus, the material estimated intellectual property investments have
been EUR 48,000.00 (unaudited, source: internal accounting) and development costs EUR 4,000.00 (unaudited, source: internal accounting).

**Cash flow from financing activities (following text not audited; source: Target’s management)**

The cash flow from financing activities in fiscal year 2018 was mainly defined by the issue of subordinated loans (EUR 150,000.00) and the increase of other long-term liabilities of EUR 49,962.00. There are no restrictions on this capital. Other long-term liabilities consist mainly of 1) accumulated non-paid interest on the STW loan, for which repayment is postponed from January, 2020, with 6 annual payments, and 2) an intercompany account for the management. There are no material changes in 2019 regarding cash flow from financing activities, until the date of this prospectus.

**Cash and cash equivalents at the end of the period (following text not audited; source: Target’s management)**

In the cash flow balance, the financial resources at the end of the period in all fiscal years consist exclusively of cash and cash equivalents (2017: EUR 30,557.00 and 2018: EUR 53,031.00). There are no restrictions on these financial resources. These cash and cash equivalents 2019 at the end of the period until the date of the prospectus, are expected to be EUR 40,000.00 (unaudited, source: internal accounting).

**Other remarks (following text not audited; source: Target’s management)**

Due to the startup nature of the Target (including negative equity) there are no relevant ratios to present. The preparation of the included financial statements (audited annual reports, see section 15.8 of this prospectus) has been done on a going concern basis.

For all cash flow there are no legal or economic restrictions. Funding and treasury policies and objectives are not in place, as the Target does not have and does not plan activities in these directions, including the absence of hedging.

The Target’s existing liquidity at the date of this prospectus is sufficient to fulfil commitments in 2019 and the financial statements have been audited on going concern basis. There are no covenants with lenders which could have material effect of restricting the use of credit facilities.

5.2. Information regarding any restrictions on the use of capital resources that have materially affected, or could materially affect, directly or indirectly, the Target’s operations.

There are no restrictions on the use of capital resources that have materially affected, or could materially affect, directly or indirectly, the Target’s operations.

6. Administrative, management, and supervisory bodies and senior management

6.1. Description of the Target’s governing bodies

The Target’s governing bodies are the Board (the “Board”) and the General Meeting (the “General Meeting”).

**The Board**

The Board is responsible for managing the Target in the best interests of the company. It may consist of one or more directors. The General Meeting determines the number of directors.
Currently, the board consists of two directors: Groosman.co B.V. and T. Horeman Beheer B.V., represented by their respective directors, Benno Groosman MScBA and Dr. ir.ing. Tim Horeman-Franse.

Each director has one vote and all decisions of the Board are taken with absolute majority of the votes cast. Each director is authorized to solely represent the company.

The General Meeting

The General Meeting has to be convened at least annually (ordinary General Meeting). In addition, the Board may convene a General Meeting at any time as the Board deems necessary (extraordinary General Meeting). The Board is obliged to convene a General Meeting at the request of one or more persons who own solely or jointly at least one hundredth of the Target’s issued capital, unless an overriding interest of the Target as a company opposes it.

Ordinary and extraordinary General Meetings take place in Delft. Every shareholder (i.e. every person entered in the Target’s shareholders’ register) has the rights, inter alia, to attend the General Meeting, to speak and to vote at the General Meeting; there are no specific conditions of admission.

The General Meeting has the powers, *inter alia*, to

- approve decisions of the Board (however, the absence of an approval does not affect the powers of representation of the Board or the directors),
- appoint, suspend and dismiss directors at any time,
- adopt the annual accounts,
- assign an authorized auditor to audit the annual financial statements prepared by the Board,
- allocate profits and determine the manner in which a deficit will be processed,
- determine interim distributions,
- grant discharge to directors,
- amend the articles of association,
- decide on the Target’s dissolution and liquidation.

The convocation to any General Meeting shall mention the subjects to be discussed. If resolutions are to be passed, the wording of such resolution to be proposed to the meeting must be included. The convocation shall take place no later than the sixteenth calendar day before the day of the meeting.

Each of the Target’s shares gives one voting right. To the extent that the law or the Target’s articles of association do not require a larger majority, according to the Target’s articles all decisions shall be taken by an absolute majority of the votes. (Based on the Shareholders’ Agreement included as Annex L.4, certain measures are subject to a qualified majority decision and/or subject to the Issuer’s approval; however, these are rights under law of obligations, not rights attached to the shares themselves under company law.)

The General Meeting has the right to introduce different classes of shares in the Target in the future. In order to change the rights attached to shares already issued, the General Meeting may amend the Target’s articles of association. (Any authorization of a new class of shares having rights senior to or on parity with common shares already issued is subject to a qualified majority vote under the Shareholders’ Agreement, i.e. under law of obligations.)
6.2. Management / Names / Business addresses / Function / Family relationship

Members of the Target’s Board

The Target’s Board consists of the two founders of the Target, Groosman.co B.V. and T. Horeman Beheer B.V. (represented by their respective directors, Benno Groosman MScBA and Dr. ir.ing. Tim Horeman-Franse).

Benno Groosman MScBA (Shareholder, Co-founder, CEO)
Groosman.co B.V.
p/a Rotterdamseweg 183c
2629HD Delft, the Netherlands

Other substantial activities: CFO of ABCDE-SIM B.V., this business is not related to Surge-on Medical and its activities not significant for Surge-on Medical.

Dr. ir.ing. Tim Horeman-Franse (Shareholder, Co-founder, CTO)
T. Horeman Beheer B.V.
p/a Rotterdamseweg 183c
2629HD Delft, the Netherlands

Other substantial activities: assistant professor at Delft University of Technology. Although Surge-on Medical and Delft University of Technology collaborate on multiple projects, this is legally organized between target’s CEO and different offices from Delft University of Technology.

Other senior managers

Other senior managers who are relevant to establishing that the Target has the appropriate expertise and experience for the management of its business are:

Audry Zoncsich Blanco MSc, COO
p/a Rotterdamseweg 183c
2629HD Delft, the Netherlands
No other (substantial) activities.

Dr. Wenjing Ding MD, Sc.D – International sales and business development
p/a Rotterdamseweg 183c
2629HD Delft, the Netherlands

Other substantial activities: director at the North America Medical Education Foundation (US) with the aim of introducing medical technology from the United States and Europe into China, through distribution contracts or direct investments, this business is not related to Surge-on Medical B.V. and its activities not significant for Surge-on Medical.

Between Benno Groosman MScBA, Dr. ir.ing. Tim Horeman-Franse, Audry Zoncsich Blanco MSc and Dr. Wenjing Ding MD there are no family relationships.

6.3. Management experience

Benno Groosman (Chief Executive Officer):

Benno Groosman, has a master degree in Business Administration, New Business Venturing & Entrepreneurship with a specialization in entrepreneurial finance. In 2008 he was the founder and, until its liquidation in 2013, Chief Executive Officer of Salusion B.V., a company that commercialized a
moisture detection system for diapers and he has experience in funding, growth strategy and commercializing health care products.

Shareholders and management (consisting of B. Groosman Beheer B.V. and Yamillah Beheer B.V.) of Salusion IP B.V. (holding) and Salusion B.V. (subsidiary company, 100% owned by Salusion IP B.V.) in December 2013 filed for the voluntary bankruptcy of these two companies, because a significant guarantee on these entities’ bank loan was unexpectedly terminated by a third party per January 2014. The bank loan was defaulted immediately by the bank, and the companies’ accounts frozen. In order to reduce the financial damage for the companies’ creditors, the filing for bankruptcy was asked for by the shareholders and management, and for the same reason granted by the court in December 2013.

In 2009 he was the founder and, until its voluntary termination and liquidation in 2016, managing director of B. Groosman Beheer B.V., a company over which he held 50% of the shares in Salusion IP B.V. Salusion IP B.V. was the 100% owner of Salusion B.V. B. Groosman Beheer B.V. was wholly owned Benno Groosman and was terminated and liquidated because there were no remaining activities in this holding company.

Since its foundation in 2015, he is managing director of Groosman.co B.V., a holding company that he has 100% ownership in.

Since 2016, he is Chief Financial Officer of ABCDE-SIM B.V. (trade name VirtualMedSchool), a company that provides a global platform for digital medical education with a focus on serious gaming. Per December 31, 2018 Groosman.co B.V. is 25.95% shareholder in this company.

Tim Horeman-Franse (Chief Technology Officer)

Tim Horeman-Franse, has a master degree in Biomechanical engineering (Delft University of Technology), surgical instruments and medical safety as well as BioMechatronics and has a PhD in Biomechanical engineering. He is an assistant professor at the Delft University of Technology, with a focus on Sustainable Surgery.

In 2010, he founded MediShield B.V., a company that developed multiple health care (related) products for different markets ranging from simulators to surgical instruments and revalidation sensors that are now sold worldwide. Until today he is Director Technology & Research and principal of this company, in which his holding T. Horeman Beheer B.V. holds a share of 50 %.

In 2015, he founded T. Horeman Beheer B.V., a company that he holds 100 % of shares in and which holds financial participations. He is a managing director to the company.

Audry Zoncsich Blanco (Chief Operating Officer)

Audry Zoncsich Blanco has a master degree in Sustainable Energy Technology from Eindhoven University of Technology and a specialization in Biomaterials from Aalto University.

In 2015, she was a co-founder to Bioconceptos, a private company that sold products based on biodegradable raw materials. Her relation to the company was terminated in 2016.
Dr. Wenjing Ding

Dr. Wenjing Ding obtained his medical degree from Capital University of Medical Science in China, a health science degree from Boston University in USA, and obtained his post-doctoral training in USDA Human Research Center on Aging at Tufts University in USA.

He is the major founder of North America Medical Education Foundation which focuses on the education of mostly Chinese surgeons for using innovative surgical instruments. Dr. Ding has a broad network of manufacturers and distributors in the US and China. He is an angel investor in Surge-on Medical and will help the Target to grow sales in Asian markets.

There are no convictions of Benno Groosman MScBA, Dr. ir.ing. Tim Horeman-Franse, Audry Zoncsich Blanco MSc and Dr. Wenjing Ding in relation to fraudulent offences for at least the previous 5 years.

No official public incrimination and/or sanctions has been imposed to management bodies by statutory or regulatory authorities (including designated professional bodies), nor have any members of the company's management ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer (target) or from acting in the management or conduct of the affairs of any issuer (target) for at least the previous 5 years.

Neither Benno Groosman MScBA nor Dr. ir.ing. Tim Horeman-Franse, Audry Zoncsich Blanco MSc or Dr. Wenjing Ding was associated with any bankruptcies, receiverships or liquidations for the previous 5 years other than explicitly mentioned above (with regard to Benno Groosman).

6.4. Conflicts of interest

Significant legal, economic and/or personnel interdependencies exist as described below:

Benno Groosman’s holding company Groosman.co B.V. is a shareholder and CFO in ABCDE-SIM B.V. (trade name VirtualMedSchool).

Tim Horeman-Franse’s holding company T. Horeman Beheer B.V. is a shareholder and CTO of Medishield Delft B.V. and its subsidiaries MediShield Delft: Tulipa Medical Technologies B.V. and SuperSeton B.V. Furthermore Tim Horeman-Franse works for TU Delft which maintains business relations to the Target. However, there is no contractual relationship between the Target and the department of the university that employs him. Furthermore, conflicts of interest are minimized by the fact that under a policy established by the Target and the university he is not allowed to represent the Target vis-à-vis the university.

Due to this interdependence of direct or indirect ownership and management positions in other companies, it cannot be ruled out that Benno Groosman and/or Tim Horeman-Franse will not reach the decisions they would take if a potential conflict of interest did not exist when weighing the different and possibly conflicting interests.

It cannot be ruled out in principle from the above-mentioned interdependencies in terms of personnel and/or capital that, when weighing up the different, possibly conflicting interests, the parties involved will not reach the decisions they would take if there were no interdependency.

Apart from those mentioned above, the Target itself has not taken any special measures to avoid conflicts of interest.

7. Remuneration and benefits

Total management fee for the prolonged book year 2015/2016:
Benno Groosman: EUR 28,813.00  
Tim Horeman-Franse: EUR 28,813.00

Total gross salary for the prolonged book year 2015/2016:  
Audry Zoncsich Blanco: EUR 0 (she joined the Target in 2017)

Total management fee for the book year 2017:  
Benno Groosman: EUR 26,255.00  
Tim Horeman-Franse: EUR 26,255.00

Total gross salary for the book year 2017:  
Audry Zoncsich Blanco: EUR 19,702.00

Total management fee for the book year 2018:  
Benno Groosman: EUR 48,899.50  
Tim Horeman-Franse: EUR 48,899.50

Total gross salary for the book year 2018:  
Audry Zoncsich Blanco: EUR 27,596.72

Total management fee until the date of the prospectus 2019:  
Benno Groosman: EUR 21,600.00  
Tim Horeman-Franse: EUR 21,600.00

Total gross salary first 6 months 2019 (not audited):  
Audry Zoncsich Blanco: EUR 19,827.00

Wenjing Ding has not received any remuneration and benefits in the years 2015, 2016, 2017, 2018 and 2019.

There are no other amounts set aside or accrued by the Target or its subsidiaries to provide pension, retirement or similar benefits to Benno Groosman MScBA, Dr. ir.ing. Tim Horeman-Franse, Audry Zoncsich Blanco or Dr. Wenjing Ding.

8. Board practices

8.1. Date of expiration of the current term of office, if applicable, and the period during which the person has served in that office

Both Groosman.co B.V. and T. Horeman Beheer B.V. (represented by their respective directors, Benno Groosman MScBA and Dr. ir.ing. Tim Horeman-Franse) have been members of the Board since the Target's establishment on 23 June, 2015. There is no date of expiration of the current term of office (both are appointed as Board members for an indefinite period).

8.2. Information about members of the administrative, management or supervisory bodies’ service contracts with the Target or any of its subsidiaries providing for benefits upon termination of employment, or an appropriate negative statement

There are no members of the administrative, management or supervisory bodies that have service contracts with the Target or any of its subsidiaries providing for benefits upon termination of employment.
8.3. Information about the Target's audit committee and remuneration committee, including the names of committee members and a summary of the terms of reference under which the committee operates

There is no Target's audit committee and remuneration committee in place.

8.4. A statement as to whether or not the Target complies with its country’s of incorporation corporate governance regime(s). In the event that the Target does not comply with such a regime, a statement to that effect must be included together with an explanation regarding why the Target does not comply with such regime.

As the Target is not a listed company, it is not required to apply the principles and best practice provisions of the Dutch Corporate Governance Code or to explain why it deviates from them.

9. Employees

9.1. Either the number of employees at the end of the period or the average for each financial year for the period covered by the historical financial information up to the date of the registration document (and changes in such numbers, if material) and, if possible and material, a breakdown of persons employed by main category of activity and geographic location. If the Target employs a significant number of temporary employees, include disclosure of the number of temporary employees on average during the most recent financial year

Year 2015-2016: 0 employees, 2 founders under management fee arrangement.
Year 2017: 1 employee, 2 founders under management fee arrangement.
Year 2018: 1 employee, 2 founders under management fee arrangement.
Year 2019: 1 employee, 2 founders under management fee arrangement.

Location: the Netherlands, activity: business operations.

9.2. Shareholdings and stock options

Benno Groosman holds through his investment company, Groosman.co B.V., 40% of the ordinary shares in the Target.

Tim Horeman-Franse holds through his investment company, T. Horeman Beheer B.V., 60% of the ordinary shares in the Target.

Audry Zoncsich Blanco holds no ordinary shares or options in the Target.

Dr. Wenjing Ding holds no ordinary shares in the Target. Dr. Wenjing Ding is entitled to receive up to 31 common shares in the Target via an option plan. Dr. Ding has contractually acknowledged that such share package will dilute in the event of a capital increase that is effected before the option is exercised. It is expected that Dr. Wenjing Ding executes his option in late 2019.

9.3. Description of any arrangements for involving the employees in the capital of the Target

There are no further arrangements for involving the employees in the capital of the Target (other than Dr. Wenjing Ding’s option plan described above).
10. Share Capital and Ownership Structure

10.1. The amount of issued capital, and for each class of share capital as of the date of the most recent balance sheet included in the historical financial information:

(a) the number of shares authorized;
(b) the number of shares issued and fully paid and issued but not fully paid;
(c) the par value per share, or that the shares have no par value; and
(d) a reconciliation of the number of shares outstanding at the beginning and end of the year. If more than 10% of capital has been paid for with assets other than cash within the period covered by the historical financial information, state that fact

The issued capital amounts to EUR 1,000.00.
There are 1,000 authorized shares.
1,000 shares are issued and fully paid.
The par value of share is EUR 1.00.
Since the year 2015 there are 1,000 shares outstanding.

10.2. If there are shares not representing capital, state the number and main characteristics of such shares

There are no shares that do not represent capital.

10.3. The number, book value and face value of shares in the Target held by or on behalf of the Target itself or by subsidiaries of the Target

No shares in the Target are held by or on behalf of the Target itself or by subsidiaries of the Target.

10.4. The amount of any convertible securities, exchangeable securities or securities with warrants, with an indication of the conditions governing and the procedures for conversion, exchange or subscription

There are no convertible securities, exchangeable securities or securities with warrants with one exception: As described above, Dr. Wenjing Ding is entitled to receive up to 31 common shares in the Target via an option plan. Dr. Ding has contractually acknowledged that such share package will dilute in the event of a capital increase that is effected before the option is exercised. It is expected that Dr. Wenjing Ding executes his option in late 2019. The Target has already received the consideration for granting the option in the amount of EUR 100,000.00 in 2016.

10.5. Information about and terms of any acquisition rights and or obligations over authorized but unissued capital or an undertaking to increase the capital

There are no acquisition rights and/or obligations over authorized but unissued capital or an undertaking to increase the capital with the exception of the planned capital increase under the Investment Agreement (as described in section F.1). The complete Investment Agreement is included as annex L.3.
10.6. Information about any capital of any member of the group which is under option or agreed conditionally or unconditionally to be put under option and details of such options including those persons to whom such options relate

There is no capital which is under option or agreed conditionally or unconditionally to be put under option (other than Dr. Wenjing Ding's option plan described above).

10.7. A history of share capital, highlighting information about any changes, for the period covered by the historical financial information

The share capital has not been increased or decreased since the establishment of the Target. Late 2019, changes in the Target's share capital may result from the execution of Dr. Ding's option plan and the planned capital increase under the Investment Agreement (as described above).

10.8. In so far as is known to the Target, the name of any person other than a member of the administrative, management or supervisory bodies who, directly or indirectly, has an interest in the Target's capital or voting rights which is notifiable under the Target's national law, together with the amount of each such person's interest or, if there are no such persons, an appropriate negative statement

To the Target's knowledge there are no persons who, directly or indirectly, have an interest in the Target's capital or voting rights which is notifiable under the Target's national law.

10.9. Whether the Target's major shareholders have different voting rights, or an appropriate negative statement

All of the Target's major shareholders have the same voting rights.

10.10. To the extent known to the Target, state whether the Target is directly or indirectly owned or controlled and by whom and describe the nature of such control and describe the measures in place to ensure that such control is not abused.

The Target is controlled by the current shareholders and management: T. Horeman Beheer B.V. (100% owned by Tim Horeman-Franse) and Groosman.co B.V. (100% owned by Benno Groosman). While Groosman.co B.V. holds 40% of the ordinary shares in the Target, T. Horeman Beheer B.V. holds 60% of the ordinary shares in the Target.

There are no specific measures in place to ensure that this control is not abused.

10.11. A description of any arrangements, known to the Target, the operation of which may at a subsequent date result in a change in control of the Target

To the Target's knowledge there are no arrangements whose operation may at a subsequent date result in a change in control of the Target.

11. Related Party Transactions

Financial Reporting Standards adopted according to the Regulation (EC) No 1606/2002 apply to the Target. There have been no transactions which are – as a single transaction or in their entirety – material to the Target. There have been no related party transactions.
12. Financial information about the Target

12.1. Statutory Auditors

12.1.1. Names and addresses of the target's auditors for the period covered by the historical financial information (together with their membership in a professional body)

The auditor of the Target is Ruitenburg adviseurs & accountants (drs. A.C. van den Burg RA), Oude Middenweg 75, 2491 AC The Hague, The Netherlands. Ruitenburg adviseurs & accountants is a member of the NBA (Nederlandse Beroepsorganisatie van Accountants).

12.1.2. If auditors have resigned, been removed or not been re-appointed during the period covered by the historical financial information, indicate details if material

No auditors have resigned, been removed or not been re-appointed during the period covered by the historical financial information.

12.2. Selected Financial Information

The following selected historical financial information was taken from the audited financial statements of the Target as of December 31, 2017 and as of December 31, 2018 (together, the “Target’s Financial Statements”). The fiscal years run from January 1 to December 31. The Target’s Financial Statements have been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Selected financial information about the Target is as follows:

<table>
<thead>
<tr>
<th>Balance Sheet</th>
<th>31 December 2018&lt;sup&gt;1&lt;/sup&gt; (EUR)</th>
<th>31 December 2017&lt;sup&gt;2&lt;/sup&gt; (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fixed assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>intangible fixed assets</td>
<td>250,559</td>
<td>229,984</td>
</tr>
<tr>
<td>tangible fixed assets</td>
<td>3,508</td>
<td>2,310</td>
</tr>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>current receivables</td>
<td>3,324</td>
<td>28,734</td>
</tr>
<tr>
<td>cash at bank and in hand</td>
<td>53,031</td>
<td>30,557</td>
</tr>
<tr>
<td><strong>Shareholders equity</strong></td>
<td>(345,989)</td>
<td>(224,327)</td>
</tr>
<tr>
<td><strong>Total liabilities</strong>&lt;sup&gt;3&lt;/sup&gt;</td>
<td>656,411</td>
<td>515,912</td>
</tr>
<tr>
<td><strong>Profit and loss account</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>01 Jan. – 31 Dec. 2018</td>
<td></td>
<td></td>
</tr>
<tr>
<td>net turnover</td>
<td>23,983</td>
<td>26,596</td>
</tr>
<tr>
<td>total operating expenses</td>
<td>178,952</td>
<td>148,293</td>
</tr>
<tr>
<td>profit/ (loss) after taxation</td>
<td>(121,662)</td>
<td>(145,827)</td>
</tr>
</tbody>
</table>

<sup>1</sup> data taken from the audited financial statements 2017
<sup>2</sup> data taken from the audited financial statements 2018
<sup>3</sup> Total liabilities comprised of subordinated loans, provisions, long-term liabilities, current liabilities.
13. **Description of Target’s dividend policy**

The Target’s General Meeting decides on profit distribution, based on the Target’s annual financial statement and annual accounts. The Target’s Board is obliged to compile a financial statement in accordance with applicable Dutch accountancy standards and applicable laws and submit it to the shareholders for inspection within five months after the end of the Target’s financial year (i.e. the calendar year). The Target’s General Meeting shall adopt the annual accounts. The General Meeting is authorized to allocate the profit determined by the adoption of the annual accounts or to determine the manner in which a deficit will be processed and to determine interim distributions to the profit or distributions from the reserves, insofar as the equity is greater than the reserves that must be maintained by law or the Target’s articles of association.

The Target’s management board may refuse to approve the distribution of profit, if otherwise the continuity of the company would be endangered.

**No dividends have been distributed to date since the Target’s establishment.**

As a young growth company, the Target intends to mainly reinvest any surpluses generated in order to increase its enterprise value and therefore not to pay a dividend in the foreseeable future.

14. **Financial information concerning the Target’s assets and liabilities, financial position and profits and losses**

14.1. **Statement of audited historical financial information / audit report**

Audited historical financial information covering the latest two fiscal years, i.e. the audited financial statements of the Target as of December 31, 2017 and as of December 31, 2018 (together, the “Target’s Financial Statements”) and the management reports of the Target covering the same period, have been prepared in accordance with the Dutch Standards on Auditing. The Target’s Financial Statements can be obtained from the registered office of the Target, ce at Rotterdamseweg 183 C, 2629HD Delft, The Netherlands.

Historical financial information covering the latest two financial years had been audited. No audit reports on the historical financial information have been refused by the statutory auditors or contain qualifications or disclaimers, refusal or qualifications or disclaimers.

14.2. **Further audited documents**

Apart from

- the audited financial statements of the Target as of December 31, 2017 and as of December 31, 2018 and

- the management reports of the Target covering the latest two fiscal years (included in the audited financial statements),

no other information relating to the Target contained in this Section J of the Prospectus has been audited by the Target’s auditors.
14.3. **Source of data which is not extracted from the audited financial statements**

Except where explicitly stated, there is no financial data included in this Section J of the Prospectus which has not been extracted from the audited financial statements.

14.4. **Quarterly or half yearly financial information**

The Target has not published quarterly or half yearly financial information since the date of its last audited financial statements.

14.5. **Description of any significant change in the financial or trading position**

There has not been any significant change in the financial or trading position of the Target that has occurred since the end of the last financial period for which either audited financial information have been published.
14.6. Audited financial statements for the year 2018

2018 financial statements
of
Surge-on Medical B.V.

14 JUN 2019
Marked for identification purposes only.

Parzaf
## Table of contents

- Balance sheet as at December 31, 2018 .................................................. 3
- Profit and loss account for the year ended December 31, 2018 ............. 4
- Accounting policies used in preparing the financial statements ........... 5
- Notes to the balance sheet as at December 31, 2018 ............................... 10
## Balance sheet as at December 31, 2018

*(after appropriation of result)*

### Assets

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€</td>
<td>€</td>
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<tr>
<td></td>
<td>254,067</td>
<td>232,294</td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current receivables (1)</td>
<td>3,324</td>
<td>28,734</td>
</tr>
<tr>
<td>Cash at bank and in hand</td>
<td>53,031</td>
<td>30,557</td>
</tr>
<tr>
<td></td>
<td>56,355</td>
<td>59,291</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>310,422</td>
<td>291,585</td>
</tr>
</tbody>
</table>

### Shareholders' equity and liabilities

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Shareholders' equity (2)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issued share capital</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td>Legal and statutory reserves</td>
<td>190,175</td>
<td>183,146</td>
</tr>
<tr>
<td>Other reserves</td>
<td>(537,164)</td>
<td>(408,473)</td>
</tr>
<tr>
<td></td>
<td>(345,989)</td>
<td>(224,327)</td>
</tr>
<tr>
<td>Subordinated loans (3)</td>
<td>150,000</td>
<td></td>
</tr>
<tr>
<td>Provisions</td>
<td>38,035</td>
<td>36,629</td>
</tr>
<tr>
<td>Long-term liabilities (4)</td>
<td>317,769</td>
<td>267,807</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>150,607</td>
<td>211,476</td>
</tr>
<tr>
<td><strong>Total shareholders' equity and liabilities</strong></td>
<td>310,422</td>
<td>291,585</td>
</tr>
</tbody>
</table>
## Profit and loss account for the year ended December 31, 2018

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net turnover</td>
<td>23,983</td>
<td>26,596</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>10,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other operating income</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wages and salaries</td>
<td>32,052</td>
<td>19,702</td>
</tr>
<tr>
<td>Social security charges</td>
<td>5,616</td>
<td>2,901</td>
</tr>
<tr>
<td>Management fee</td>
<td>61,683</td>
<td>52,510</td>
</tr>
<tr>
<td>Other staff costs</td>
<td>184</td>
<td>212</td>
</tr>
<tr>
<td>Amortization and depreciation of intangible and tangible fixed assets</td>
<td>30,550</td>
<td>16,101</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>48,867</td>
<td>56,867</td>
</tr>
<tr>
<td>Total expenses</td>
<td>178,952</td>
<td>148,293</td>
</tr>
<tr>
<td>Operating profit/ (loss)</td>
<td>(100,635)</td>
<td>(105,902)</td>
</tr>
<tr>
<td>Financial income and expense</td>
<td>(19,621)</td>
<td>(13,353)</td>
</tr>
<tr>
<td>Profit/ (loss) before taxation</td>
<td>(120,256)</td>
<td>(119,255)</td>
</tr>
<tr>
<td>Income taxes</td>
<td>1,406</td>
<td>26,572</td>
</tr>
<tr>
<td>Profit/ (loss) after taxation</td>
<td>(121,662)</td>
<td>(145,827)</td>
</tr>
</tbody>
</table>
Accounting policies used in preparing the financial statements

General

The registered office according to the Articles of Association of Surge-on Medical B.V. is Delft. Surge-on Medical B.V. is listed in the Commercial Register of the Chamber of Commerce under the following file number: 63571463. The address of Surge-on Medical B.V. is Rotterdamseweg 183, 2629 HD Delft.

The financial statements have been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code. The financial statements were prepared on 14 June 2019.

Company activities

The main activity of the company is the development and marketing of medical devices and other products.

Going concern

Based on the loss in the financial year of € 121,662, the negative working capital and equity, doubts can arise about the going concern assumption.

The company is going forward in its start-up phase and invested further in developing innovative products. A non-dilutive grant of € 50,000 is provided in 2019 and in September 2019 a European equity crowdfunding campaign will be launched. Provided that the campaign proceeds as expected, it can be assumed that the company will continue as a going concern. In 2019 the company has received multiple pre-orders prior to the product market launch late 2019. This enables the company to meet its obligations in the coming year. Management expects that sale of developed products will ensure positive results in the future. Therefore management has prepared the financial statements on a going concern basis.

Offsetting

Assets and liabilities are only offset in the financial statements if and to the extent that:

- An enforceable legal right exists to offset the assets and liabilities and settle them simultaneously and
- The firm intention is to settle the assets and liabilities on a net basis or simultaneously

Page 116 of 271
Intangible fixed assets

General

An intangible fixed asset is recognized in the balance sheet if:
- It is probable that the future economic benefits that are attributable to the asset will accrue to the company
- The cost of the asset can be reliably measured

Costs relating to intangible fixed assets not meeting the criteria for capitalization (for example, cost of research, internally developed brands, logos, trademark rights and client databases) are taken directly to the profit and loss account.

Intangible fixed assets are carried at cost of acquisition or production net of accumulated amortization and accumulated impairment losses where applicable.

Intangible fixed assets are amortized on a straight-line basis over their expected useful economic lives, subject to a maximum of twenty years. The useful economic life and the amortization method are reviewed at each financial year-end. If the estimated useful economic life exceeds twenty years, an impairments test is carried out at each financial year-end following the date of recognition.

Depreciation: Development costs 12.5% and Intellectual property 5%.

Tangible fixed assets

Tangible fixed assets for own use

Tangible fixed assets for own use are carried at the cost of acquisition or production (less any investment grants) net of accumulated depreciation and, if applicable, accumulated impairment losses.

Tangible fixed assets carried at cost do not include capitalized interest charges.

Depreciation

<table>
<thead>
<tr>
<th>Equipment</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>20</td>
</tr>
</tbody>
</table>

Current receivables

Current receivables are initially recognized at fair value plus transaction costs and subsequently stated at amortized cost based on the effective interest method net of a provision for doubtful debts when necessary.
Cash at bank and in hand

Cash at bank and in hand includes cash in hand, bank balances, notes and checks and carried at face value. It also includes deposits if these are effectively at the company’s free disposal, even if interest income may be lost.

Cash at bank and in hand not expected to be at the group’s free disposal for over twelve months is classified as financial fixed assets. Cash at bank and in hand are carried at face value.

Provisions

A provision is formed if the company has a legal or constructive obligation as on the balance sheet date if it is probable that an outflow of resources will be required to settle the obligation and the amount of the liability can be reliably estimated. The amount of the provision is determined based on a best estimate of the amounts required to settle the liabilities and losses concerned as at the balance sheet date. Provisions are carried at present value, unless stated otherwise.

Provision for deferred taxation

For the valuation and recognition of the provision for deferred taxation, please refer to the separate section entitled taxes.

Long-term liabilities

On initial recognition, long-term liabilities are carried at fair value less directly attributable transaction costs. After initial recognition, long-term liabilities are carried at amortized cost.

Current liabilities

On initial recognition, current liabilities are carried at fair value less directly attributable transaction costs. After initial recognition, current liabilities are carried at amortized cost. This is usually the face value for current liabilities.

Income

General

Gross margin represents net turnover, change in inventories of finished goods and construction contracts, own production capitalised, other operating income, raw materials and consumables, and other external charges. Net turnover represents the proceeds from the supply of goods and services, net of taxes levied on turnover and discounts.
Sale of goods

Income from the sale of goods is recognized in the profit and loss account once all the major rights to economic benefits and significant risks relating to the goods have been transferred to the buyer, the income can be reliably measured and the income is probable to be received.

Government grants related to income

Government grants related to income are recognized in the profit and loss account in the year in which the subsidized expenditure is incurred, in which the loss of income is recognized or in which the operating loss is incurred for which the grant was received.

Expenses

General

Expenses are determined with due observance of the aforementioned accounting policies and allocated to the financial year to which they relate. Foreseeable and other obligations as well as potential losses arising before the financial year-end are recognized if they are known before the financial statements are prepared and provided all other conditions for forming provisions are met.

Personnel

Wages, salaries and social security charges are recognized in the profit and loss account according to the terms of employment, to the extent they are due to either employees or the tax authorities.

Interest

Interest is allocated to successive financial reporting periods in proportion to the outstanding principal. Premiums and discounts, are treated as annual interest charges so that the effective interest rate, together with the interest payable on the loan, is recognized in the profit and loss account, with the amortized (net) cost of the liabilities being recognized in the balance sheet. Period interest charges and similar charges are recognized in the year in which they fall due.

Income taxes

Current taxes

Taxes are calculated on the profit as disclosed in the profit and loss account based on current tax rates, allowing for tax-exempt items and cost items which are non-deductible, either in whole or in part.
Deferred taxes

A deferred tax liability is recognized for all taxable temporary differences between the valuation for tax and financial reporting purposes. A deferred tax asset is recognized for all deductible temporary differences between the valuation for tax and financial reporting purposes and carry-forward losses, to the extent that it is probable that future taxable profit will be available for set-off. Deferred tax assets and liabilities are recognized under financial fixed assets and provisions, respectively.

Deferred tax liabilities and deferred tax assets are carried on the basis of the tax consequences of the realization or settlement of assets, provisions, liabilities or accruals and deferred income as planned by the company at the balance sheet date. Valuation is based on current tax rates. Deferred tax liabilities and deferred tax assets are carried at non-discounted value.

Deferred tax assets and liabilities are netted if the general conditions for offsetting are met.

Workforce

The average number of staff employed by the company in 2018 was 1 (2017: 1).
Notes to the balance sheet as at December 31, 2018

Current receivables (1)
The receivables have a term of less than one year.

Shareholders' equity (2)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal and statutory reserves</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reserve for research and development costs</td>
<td>190,175</td>
<td>183,146</td>
</tr>
</tbody>
</table>

Other reserves
In accordance with the appropriation of the result, € 121,662 (2017: € 145,827) has been deducted from the other reserves.

Subordinated loans (3)

| Subordinated Innovation loan A | 75,000 | -     |
| Subordinated Innovation loan B | 75,000 | -     |
| Total Subordinated loans       | 150,000| -     |

The amount payable to credit institutions includes two subordinated loans of € 75,000 for financing product development and market introduction of the medical devices. ‘Loan A’ needs to be repaid after 7 years in one installment. The interest percentage concerns 7.5% fixed until 2026. The part of the loan with a repayment term exceeding 5 years concerns € 75,000. No securities have been provided.

Repayments of ‘Loan B’ will take place in 7 years, starting in July 2020. The interest percentage concerns 7.5% fixed until 2026. The part of the loan with a repayment term exceeding 5 years concerns € 37,500. No securities have been provided.

Long-term liabilities (4)

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Other liabilities</td>
<td>317,769</td>
<td>267,807</td>
</tr>
</tbody>
</table>

Ruiten
14 Jun 2019
Marked for identification purposes only.
Parad.

Page 121 of 271
The loan concerns a ‘Vroege Fase Financiering’ of STW and the principal amount is € 249,800. The interest rate due is 5.17%. Repayments are planned as from 1 January 2020 in six annual installments of 20% of the principal sum. The amount to be repaid in the sixth year is equal to the then outstanding amount of the loan including the current interest. The part of the loan with a repayment term exceeding 5 years concerns € 88,183. No securities have been provided.

Arrangements and commitments not shown in the balance sheet

Other commitments not shown in the balance sheet

The company has entered into two license agreements for a period of 20 years. Therefore the company is obliged to a turnover-related compensation per annum. Besides the company is obliged to a fixed fee per annum. For the future years the amounts will be as follows:
- fiscal year 2019 € 40,000
- fiscal year 2020 € 60,000
- fiscal year 2021 until the end of the license agreement € 80,000 per year

In 2016 the company received an amount of € 100,000 as an investment from a new shareholder. The transfer of shares is not yet finalized. Based on the agreed Letter of Intent, the new shareholder has the right to participate for 3% in Surge-on Medical B.V. After formalization, expected in 2019, the amount of € 100,000 will decrease the current liabilities.
Breakdowns of items in the balance sheet

**Intangible fixed assets**

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development costs</td>
<td>€190,175</td>
<td>€183,146</td>
</tr>
<tr>
<td>Intellectual property</td>
<td>€60,384</td>
<td>€46,838</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>€250,559</td>
<td>€229,984</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Development costs</th>
<th>Intellectual property</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>€</td>
<td>€</td>
<td>€</td>
<td>€</td>
</tr>
<tr>
<td>Carrying amount as at January 1, 2018</td>
<td>€183,146</td>
<td>€46,838</td>
<td>€229,984</td>
</tr>
<tr>
<td>Additions</td>
<td>€34,189</td>
<td>€19,923</td>
<td>€54,112</td>
</tr>
<tr>
<td>Disposals</td>
<td>€-</td>
<td>€(3,750)</td>
<td>€(3,750)</td>
</tr>
<tr>
<td>Amortization</td>
<td>€(27,160)</td>
<td>€(2,627)</td>
<td>€(29,787)</td>
</tr>
<tr>
<td>Carrying amount as at December 31, 2018</td>
<td>€190,175</td>
<td>€60,384</td>
<td>€250,559</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td>€233,668</td>
<td>€65,761</td>
</tr>
<tr>
<td>Amortizations</td>
<td>€(43,493)</td>
<td>€(5,377)</td>
</tr>
<tr>
<td><strong>Carrying amount as at December 31, 2018</strong></td>
<td>€190,175</td>
<td>€60,384</td>
</tr>
</tbody>
</table>

The costs of development consist of internal and external costs for the development of the Steerable Punch, the Grasper and the PoLaRS robot. A legal reserve has been included for the book value of the development costs.

**Tangible fixed assets**

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment</td>
<td>3,506</td>
<td>2,991</td>
</tr>
</tbody>
</table>

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Parasf:
<table>
<thead>
<tr>
<th>Equipment</th>
<th>€</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carrying amount as at January 1, 2018</td>
<td>2,310</td>
</tr>
<tr>
<td>Additions</td>
<td>1,961</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(763)</td>
</tr>
<tr>
<td>Carrying amount as at December 31, 2018</td>
<td>3,508</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cost</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accumulated depreciation and impairments</td>
<td>(1,341)</td>
</tr>
<tr>
<td>Carrying amount as at December 31, 2018</td>
<td>3,508</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>€</td>
<td>€</td>
</tr>
</tbody>
</table>

**Current receivables**

| Taxes and social security contributions | 1,286 | 26,179 |
| Other amounts receivable, prepayments and accrued income | 2,038 | 2,555 |
|                                                    | 3,324 | 28,734 |

**Taxes and social security contributions**

| VAT | 1,286 | 26,179 |

**Other amounts receivable, prepayments and accrued income**

| Other amounts receivable | 1,552 | 2,555 |
| Prepayments and accrued income | 486 | - |
|                                                    | 2,038 | 2,555 |

**Other amounts receivable**

| Deposits | 1,552 | 2,555 |

---

Ruitenburg

14 JUN 2019

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Parad: [Signature]
<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash at bank and in hand</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rabobank</td>
<td>27,881</td>
<td>-</td>
</tr>
<tr>
<td>ING Bank N.V.</td>
<td>25,150</td>
<td>30,557</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>53,031</td>
<td>30,557</td>
</tr>
<tr>
<td><strong>Shareholders’ equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issued share capital</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1,000 ordinary shares with a</td>
<td></td>
<td></td>
</tr>
<tr>
<td>nominal value of € 1.00</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td><strong>Legal and statutory reserves</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reserve for research and</td>
<td></td>
<td></td>
</tr>
<tr>
<td>development costs</td>
<td>190,175</td>
<td>183,146</td>
</tr>
<tr>
<td><strong>Other reserves</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance as at January 1</td>
<td>(408,473)</td>
<td>(129,785)</td>
</tr>
<tr>
<td>Profit appropriation</td>
<td>(121,662)</td>
<td>(145,827)</td>
</tr>
<tr>
<td>Addition to legal and reserves</td>
<td>(7,029)</td>
<td>(132,861)</td>
</tr>
<tr>
<td>Movements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance as at December 31</td>
<td>(537,164)</td>
<td>(408,473)</td>
</tr>
<tr>
<td><strong>Subordinated loans</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subordinated Innovation loan A</td>
<td>75,000</td>
<td>-</td>
</tr>
<tr>
<td>Subordinated Innovation loan B</td>
<td>75,000</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>150,000</td>
<td>-</td>
</tr>
</tbody>
</table>
Subordinated Innovation loan A

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as at January 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Addition</td>
<td>75,000</td>
<td></td>
</tr>
<tr>
<td>Balance as at December 31</td>
<td>75,000</td>
<td></td>
</tr>
</tbody>
</table>

The subordinated 'innovatielenning' was received from the Rabobank for financing product development and market introduction of the medical device. 'Loan A' needs to be repaid after 7 years in one installment. The interest percentage concerns 7.5% fixed until 2026. The part of the loan with a repayment term exceeding 5 years concerns € 75,000. No securities have been provided.

Subordinated Innovation loan B

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as at January 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Addition</td>
<td>75,000</td>
<td></td>
</tr>
<tr>
<td>Balance as at December 31</td>
<td>75,000</td>
<td></td>
</tr>
</tbody>
</table>

The subordinated 'innovatielenning' was received from the Rabobank for financing product development and market introduction of the medical devices. Repayments of 'Loan B' will take place in 7 years, starting in July 2020. The interest percentage concerns 7.5% fixed until 2026. The part of the loan with a repayment term exceeding 5 years concerns € 37,500. No securities have been provided.

Provisions

| Provision for deferred taxation | 38,035 | 36,629 |

Provision for deferred taxation

This provision relates to temporary differences between the valuation in the financial statements and the valuation of assets and liabilities for tax purposes. This provision is based on the applicable tax rate of 20.0%.
<table>
<thead>
<tr>
<th></th>
<th>Book value for financial reporting</th>
<th>Book value fiscal</th>
<th>Difference</th>
<th>%</th>
<th>Provision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development costs</td>
<td>€ 190,175</td>
<td>-</td>
<td>€ 190,175</td>
<td>20.0</td>
<td>€ 38,035</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2018</td>
<td>2017</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>€</td>
<td>€</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance as at January 1, 2018</td>
<td>36,629</td>
<td>10,057</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Addition</td>
<td>1,406</td>
<td>26,572</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance as at December 31, 2018</td>
<td>38,035</td>
<td>36,629</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Long-term liabilities**

Other liabilities

317,769

267,807

**Other liabilities**

Loan STW

281,653

267,807

Intercompany account T. Horeman Beheer B.V.

36,116

- -

317,769

267,807

**Current liabilities**

Trade creditors/suppliers

13,358

33,835

Taxes and social security contributions

1,085

421

Other liabilities

104,418

116,126

Accruals and deferred income

31,746

61,084

150,607

211,476

**Trade creditors/suppliers**

Creditors

13,358

33,835

1 4 JUN 2019

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Paraaf
<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Taxes and social security contributions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payroll tax</td>
<td>1,085</td>
<td>421</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other liabilities, accruals and deferred income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other liabilities</td>
<td>104,418</td>
<td>116,126</td>
</tr>
<tr>
<td>Accruals and deferred income</td>
<td>31,746</td>
<td>61,094</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>136,164</td>
<td>177,220</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepaid investment new shareholder</td>
<td>100,000</td>
<td>100,000</td>
</tr>
<tr>
<td>Current account management B. Groosman</td>
<td>4,418</td>
<td>170</td>
</tr>
<tr>
<td>Current account management T. Horeman Beheer B.V.</td>
<td>-</td>
<td>15,956</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>104,418</td>
<td>116,126</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Accruals and deferred income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Holiday pay</td>
<td>1,456</td>
<td>876</td>
</tr>
<tr>
<td>Audit and accounting fees</td>
<td>3,400</td>
<td>3,190</td>
</tr>
<tr>
<td>Advance payments</td>
<td>5,000</td>
<td>18,205</td>
</tr>
<tr>
<td>Accrued (development) expenses</td>
<td>21,890</td>
<td>38,823</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>31,746</td>
<td>61,094</td>
</tr>
</tbody>
</table>
Breakdowns of items in the profit and loss account

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net turnover</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net turnover</td>
<td>23,983</td>
<td>26,596</td>
</tr>
<tr>
<td><strong>Cost of sales</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Royalties products</td>
<td>10,000</td>
<td></td>
</tr>
<tr>
<td><strong>Other operating income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subsidy</td>
<td>64,334</td>
<td>6,795</td>
</tr>
<tr>
<td>Prize money</td>
<td></td>
<td>9,000</td>
</tr>
<tr>
<td><strong>Staff costs</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wages and salaries</td>
<td>32,052</td>
<td>19,702</td>
</tr>
<tr>
<td>Social security charges</td>
<td>5,616</td>
<td>2,901</td>
</tr>
<tr>
<td>Management fee</td>
<td>61,683</td>
<td>52,510</td>
</tr>
<tr>
<td>Other staff costs</td>
<td>184</td>
<td>212</td>
</tr>
<tr>
<td><strong>Wages and salaries</strong></td>
<td>99,535</td>
<td>75,325</td>
</tr>
<tr>
<td>Gross salaries</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Movement in holiday pay liability</td>
<td>2,240</td>
<td>1,160</td>
</tr>
<tr>
<td><strong>Social security charges</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrial insurance board</td>
<td>5,616</td>
<td>2,901</td>
</tr>
</tbody>
</table>

14 JUN 2019

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Pernaf

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### Management fee

<table>
<thead>
<tr>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>€</td>
<td>€</td>
</tr>
<tr>
<td>Management fee</td>
<td>89,958</td>
</tr>
<tr>
<td>Capitalization of management fee for research and development</td>
<td>89,958</td>
</tr>
<tr>
<td>(28,275)</td>
<td>(28,274)</td>
</tr>
<tr>
<td>61,683</td>
<td>52,510</td>
</tr>
</tbody>
</table>

### Amortization and depreciation of intangible and tangible fixed assets

#### Amortization of intangible fixed assets

<table>
<thead>
<tr>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development costs</td>
<td>27,160</td>
</tr>
<tr>
<td>Intellectual property</td>
<td>2,627</td>
</tr>
<tr>
<td>29,787</td>
<td>15,523</td>
</tr>
</tbody>
</table>

#### Depreciation of tangible fixed assets

<table>
<thead>
<tr>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment</td>
<td>763</td>
</tr>
</tbody>
</table>

### Other operating expenses

<table>
<thead>
<tr>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other staff costs</td>
<td>2,956</td>
</tr>
<tr>
<td>Accommodation costs</td>
<td>9,795</td>
</tr>
<tr>
<td>Office expenses</td>
<td>8,810</td>
</tr>
<tr>
<td>Selling expenses</td>
<td>10,565</td>
</tr>
<tr>
<td>General expenses</td>
<td>16,741</td>
</tr>
<tr>
<td>48,867</td>
<td>56,867</td>
</tr>
</tbody>
</table>

### Other staff costs

<table>
<thead>
<tr>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel and hotel expenses</td>
<td>443</td>
</tr>
<tr>
<td>Canteen costs</td>
<td>221</td>
</tr>
<tr>
<td>Other staff costs</td>
<td>2,292</td>
</tr>
<tr>
<td>2,956</td>
<td>-</td>
</tr>
</tbody>
</table>

---

*14 Jun 2019*

Marked for identification purposes only.
<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Accommodation costs</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rent</td>
<td>9,795</td>
<td>11,263</td>
</tr>
<tr>
<td><strong>Office expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office supplies</td>
<td>1,920</td>
<td>4,538</td>
</tr>
<tr>
<td>IT costs</td>
<td>3,743</td>
<td>1,759</td>
</tr>
<tr>
<td>Telephone costs</td>
<td>778</td>
<td>-</td>
</tr>
<tr>
<td>Postage</td>
<td>269</td>
<td>304</td>
</tr>
<tr>
<td>Membership fees and subscriptions</td>
<td>781</td>
<td>-</td>
</tr>
<tr>
<td>Other office expenses</td>
<td>1,319</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Office expenses</strong></td>
<td>8,810</td>
<td>6,601</td>
</tr>
<tr>
<td><strong>Selling expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Publicity and advertising costs</td>
<td>3,076</td>
<td>2,083</td>
</tr>
<tr>
<td>Business entertainment costs</td>
<td>2,848</td>
<td>2,239</td>
</tr>
<tr>
<td>Travel and hotel expenses</td>
<td>4,641</td>
<td>10,539</td>
</tr>
<tr>
<td>Other selling expenses</td>
<td>-</td>
<td>223</td>
</tr>
<tr>
<td><strong>Total Selling expenses</strong></td>
<td>10,565</td>
<td>15,084</td>
</tr>
<tr>
<td><strong>General expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Audit fees</td>
<td>6,610</td>
<td>5,575</td>
</tr>
<tr>
<td>Consultancy fees</td>
<td>8,373</td>
<td>17,301</td>
</tr>
<tr>
<td>Insurances</td>
<td>1,104</td>
<td>1,003</td>
</tr>
<tr>
<td>Other general expenses</td>
<td>514</td>
<td>40</td>
</tr>
<tr>
<td><strong>Total General expenses</strong></td>
<td>16,741</td>
<td>23,919</td>
</tr>
<tr>
<td><strong>Financial income and expense</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest expense and similar charges</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest subordinated innovation loan</td>
<td>5,468</td>
<td>-</td>
</tr>
<tr>
<td>Interest STW loan</td>
<td>13,846</td>
<td>13,165</td>
</tr>
<tr>
<td>Other interest expenses</td>
<td>307</td>
<td>188</td>
</tr>
</tbody>
</table>

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**Income taxes**

Change in provision for deferred tax

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>€</td>
<td>1,406</td>
<td>26,572</td>
</tr>
</tbody>
</table>
Cash flow statement for year ended December 31, 2018

The cash flow statement has been drawn up using the indirect method.

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flow from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating profit (loss)</td>
<td>(100,635)</td>
<td>(105,902)</td>
</tr>
<tr>
<td>Adjustments for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>30,550</td>
<td>16,101</td>
</tr>
<tr>
<td>Movements in provisions</td>
<td>1,406</td>
<td>26,572</td>
</tr>
<tr>
<td>Changes in working capital:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Movements in amounts receivable</td>
<td>25,410</td>
<td>19,405</td>
</tr>
<tr>
<td>Movements in trade creditors</td>
<td>(20,477)</td>
<td></td>
</tr>
<tr>
<td>Movements in current liabilities (excluding Prepaid investment new shareholder)</td>
<td>(40,392)</td>
<td>89,617</td>
</tr>
<tr>
<td>Corporate income tax</td>
<td>(1,406)</td>
<td>(26,572)</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(19,621)</td>
<td>(13,353)</td>
</tr>
<tr>
<td><strong>Total Cash Flow from operating activities</strong></td>
<td>(21,027)</td>
<td>(39,925)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Cash flow from investing activities</strong></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additions to intangible fixed assets</td>
<td>(54,112)</td>
<td>(167,079)</td>
</tr>
<tr>
<td>Additions to tangible fixed assets</td>
<td>(1,961)</td>
<td></td>
</tr>
<tr>
<td>Disposals of intangible fixed assets</td>
<td>3,750</td>
<td></td>
</tr>
<tr>
<td><strong>Cash flow from investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Cash Flow from investing activities</strong></td>
<td>(52,323)</td>
<td>(167,079)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Cash flow from financing activities</strong></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Movements in legal and statutory reserves</td>
<td>7,029</td>
<td>132,861</td>
</tr>
<tr>
<td>Addition to legal and reserves</td>
<td>(7,029)</td>
<td>(132,861)</td>
</tr>
<tr>
<td>Issue of subordinated loans</td>
<td>150,000</td>
<td></td>
</tr>
<tr>
<td>Increase in other long-term liabilities</td>
<td>49,962</td>
<td>13,165</td>
</tr>
<tr>
<td><strong>Cash flow from financing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Cash Flow from financing activities</strong></td>
<td>199,962</td>
<td>13,165</td>
</tr>
</tbody>
</table>

| Movements in cash at bank and in hand | 22,474 | (186,856) |

Ruitenburg

14 JUN 2019

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[Signature]
INDEPENDENT AUDITOR'S REPORT

To: The shareholders of Surge-On Medical B.V.

A. Report on the audit of the financial statements 2018 included in the annual report

Our opinion
We have audited the financial statements 2018 of Surge-On Medical B.V. based in Delft.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Surge-On Medical B.V. as at 31 December 2018 and of its result and its cash flows for 2018 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 2018;
2. the profit and loss account for 2018; 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 Surge-On Medical B.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants' (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 gedrag- en bevoegdheidsregels 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.

B. 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:

- the management report;
- other information as required by 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;
- 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. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

C. Description of responsibilities regarding the financial statements

Responsibilities of management for the financial statements
Management is 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, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company’s ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting, unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company’s ability to continue as a going concern in the financial statements.

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

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

Mistakes 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. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.
We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, 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 error, 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 management;

- 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 a company to cease 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.

The Hague, 14 June 2019

Ruitenbergh adviseurs & accountants

[Signature]

dhr. A.C. van den Burg RA
Surge-On Medical B.V.
Attn. Mr. B. Grossman
Rotterdamseweg 183c
2629 HD DELFT

The Hague, 17 July 2019

Subject: Confirmation letter 2018

Dear Mr. Grossman,

This letter should be read in conjunction with the annual report 2018 of Surge-On Medical B.V. and our thereon issued independent auditor’s report dated 14 June 2019.

We confirm that:
- We have performed audit procedures on the Management Report 2018, initialled for identification purposes dated 14 June 2019, in accordance with ISA 720.

Yours sincerely,
Ruitenburgh advisers & accountants

[Signature]
dr.s. A.C. van der Burg RA
14.7. Management report for the year 2018

Management Report 2018

1. Fundamental information about the company

1.1 The company’s business model

Surge-on Medical B.V. (the Company) was founded in 2015 with the aim of developing and selling innovative surgical tools that optimize and expand the performance of the surgeon to enhance the quality of care for the patient.

Surge-on Medical B.V. develops steerable, detachable and cleanable surgical instruments based on its exclusive portfolio of four patents. Since 2015 its start in the Company has successfully developed and tested 2 instruments for arthroscopy and laparoscopy, and since 2017 it has a portable laparoscopic robotic system (PolarS) in development. In 2018 the newest version of the Steerable Punch for knee surgeries (arthroscopy) was completed, which has improved functionality and safety.

Surge-on Medical focuses on R&D and will coordinate all manufacturing and distribution activities with established industry partners. The business model consists of three revenue streams:

- Selling products to distributors or hospitals;
- IP licenses for distributors and industry;
- Industry-paid contract research to develop new products based on the company’s IP.

According to Article 3 of the Company’s articles of association, the purpose of the Company as a company is:

a. The development and marketing of medical instrumentation and other products;

b. Exploitation and marketing of patents, trademark rights, licenses, know-how, copyrights, databases and other intellectual property rights;

c. Establishing, participating in, controlling and cooperating with legal entities, companies and corporations in any way;

d. Providing advice and the provision of services to legal persons, companies and corporations with which the company is affiliated in a group and to third parties;

e. The financing of legal persons, companies and corporations;

f. Borrowing, lending and gathering shall include issuing bonds, debt securities or other securities, and the entering into related agreements;

h. The provision of guarantees, connecting the company and the assets of the company on behalf of legal entities, companies and corporations with which the company is in a group and for the benefit of third parties;

i. Obtaining, managing, objecting, exploiting and alienating registered property and assets in general;

j. Trading of currencies, securities and assets in general;

and, furthermore, all that may be linked or conducive to this, all in the broadest sense of the word.

1.2 Branches

Surge-on Medical’s patented steerable technology is intended to be the base of a platform of technologies with applications in many fields of surgery.
The Steerable Punch is the Company’s first product, aiming for application in arthroscopy, that counts for a global market with estimated annual volume of EUR 273 million. Further products currently in development are the Steerable Grasper, which is aiming for application in laparoscopy that counts for a global market with annual volume of EUR 1.8 billion, and PoLaRS (a portable surgical robot), addressing a global market with annual volume of EUR 3.2 billion. The estimated market sizes are in the opinion of Surge-on Medical B.V.’s management, based on different public and non-public sources.

Surge-on Medical competes in the market of minimally invasive instruments, worldwide, but with a (non-exclusive) focus on European Union, China and later the United States. The Steerable Punch will primarily be used for meniscectomies (cutting of rupture meniscus tissue located in the knee joint), where the Steerable Grasper will be used for laparoscopic surgeries (abdominal area surgeries). PoLaRS is part of the surgical robot market.

1.3 Objectives and strategies
Surge-on Medical wants to become the worldwide leader in the development of minimally invasive instruments, therefore the Company is planning a fast expansion into many surgical fields. To start, the Company will focus on the market launch of the Steerable Punch to achieve market recognition and initial profit, needed to support the further development of new products. This growth requires additional funds to cover the large-scale manufacturing of the Steerable Punch, marketing activities, certifications costs, additional R&D and team expansion in engineering and sales.

Surge-on Medical’s operations and principle activities consist of research, development, securing intellectual property for the previous, prototyping, outsourcing manufacturing, business development, and acquiring funding for our multi-patented platform technology which makes minimally invasive surgical instruments steerable, detachable and cleanable. All products are and will be developed by Surge-on Medical B.V., but manufacturing is and will be done by third parties on behalf of the Company. For this, in 2018, the Company has increased its list of manufacturers, to assure quality, cost-effectiveness and continuity in production.

1.4 Internal management system
The Company’s governing bodies are the Board and the General Meeting. The Board is responsible for managing the Company in the best interests of the company. It may consist of one or more directors. The General Meeting determines the number of directors.

Currently, the board consists of two directors: Groosman.co B.V. and T. Horeman Beheer B.V., represented by their respective directors, Benno Groosman MScBA and Tim Horeman-Franse, PhD.

Each director has one vote and all decisions of the Board are taken with absolute majority of the votes cast. Each director is authorized to solely represent the company.

The General Meeting has to be convened at least annually. The Board may convene a General Meeting at any time as the Board deems necessary. The Board is obliged to convene a General Meeting at the request of one or more persons who own solely or jointly at least one hundredth of the Company’s issued capital, unless an overriding interest of the Company as a company opposes it.

Each of the Company’s shares gives one voting right. To the extent that the law or the Company’s articles of association do not require a larger majority, all decisions shall be taken by an absolute majority of the votes.
Both Groosman B.V. and T. Horeman Beheer B.V. (represented by their respective directors, Benno Groosman MScBA and Tim Horeman-Franse, PhD) have been members of the Board since the Company’s establishment on 23 June 2015. There is no date of expiration of the current term of office (both are appointed as Board members for an indefinite period).

1.5 Research and development

In 2018 research and development activities have taken place for the following products:

1. Steerable Punch: steerable instrument for arthroscopy, in development since 2015. Current stage (2019): production and clinical testing / market ready. The newest Steerable Punch, the “semi-detachable Steerable Punch” was completed in 2018 and the first demo models have been sold to Asian hospitals.


3. PoLaRS – Portable Laparoscopic Robot System
   in development since 2017
   current stage (2019): proof of concept

4. PoLaRS VR training system
   in development since 2018
   current stage (2019): early prototype

With a portfolio of innovative, disruptive products, Surge-on Medical is highly dependent on intellectual property, to keep a competitive advantage on the market. The four patents (all applied for in or granted in European Union, most in parts of Asia (China, South Korea and/or Japan) and all United States are the base of the Company’s products and market success. The patents are public under the reference numbers: WO2018106116, WO2018074919, WO2014148898 and WO2016111621.

Patents WO2014148898 and WO2016111621 are part of an exclusive license that the company receives from the Delft University of Technology. In 2019 these patents will be fully on the Company’s name (applicant) and the license is valid for the patents lifespan (until 2033 and 2035). The other two patents are applied for in 2016 and owned by the Company.

Any newly developed manufacturing process for the Company’s products with the current production partners (currently all in the Netherlands and Germany), is subject to confidentiality and in case it is the base for new intellectual property, Surge-on Medical will own these rights, as part of the partners’ general terms and conditions and contracts.

Research and development policies have been focused on designing, validating, test-manufacturing, testing, development improvements and manufacturing of the Steerable Punch since 2015. Since 2016 this has been done for the Steerable Grasper too, with the exception of manufacturing. Portable Laparoscopic Robot System (PoLaRS) since 2017 and PoLaRS VR training system since 2018 are in an early, but promising, R&D stage, for each proof of concepts have been validated.

All research and development activities have been financed by Surge-on Medical, and where grants, loans or investments were received for these activities, only Surge-on Medical holds and will hold the intellectual property rights, commercialization rights and all other rights on the outcomes of these developments.

Ruitenbarg

14 JUN 2019

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Pmsif
1.6 Legal structure
The Company’s legal name is Surge-on Medical B.V. (Besloten Vennootschap) (i.e. a private limited liability company) and the company also operates on the market under its commercial name Surge-on Medical. The Company was registered as a company on 23 June, 2015, for indefinite length. The Company is a single entity: it does not have subsidiaries or parents. The Company is registered in Delft, The Netherlands, under registration number RSIN 855297888. The Company is listed in the Commercial register of the Chamber of Commerce under the following file number: 63571463.

The issued capital amounts to EUR 1,000.00. There are 1,000 authorized shares. 1,000 shares are issued and fully paid. The par value of share is EUR 1.00. Since the year 2015 there are 1,000 shares outstanding. The share capital has not been increased or decreased since the establishment of the Company. All the Company’s major shareholders have the same voting rights. An early-stage investor in the Company has an option on 31 new ordinary shares, and this option is expected to be executed in 2019.

2. Report on economic position
2.1 Macroeconomic and sector-specific environment
Due to population growth, an ageing population, and increased purchasing power the worldwide market of medical technology is growing annually. More specific for the Company’s operations, the market of minimally invasive surgery and surgical instruments for this type if surgery is growing too. With the unique advantages of the Company’s patented technology, and products that are based on this technology, the management expects the Company to become a relevant player in a growing market.

In the Netherlands, and in the European Union, there are good circumstances for starting and growing a medical technology company. Local, regional, national and European governments are stimulating innovation in medical technology, both with administrative support as well as funding options. Also in 2018 the Company has benefitted from this government policy, especially by attracting non-dilutive funding, which have supported the operational and R&D costs in starting and growing the Company’s business and R&D activities. Additionally, the Netherlands has an active base of professional healthcare investors (venture capital), this contributes to the good environment of starting and growing an innovative business in this region.

With EIF Health (supported by the EIF, a body of the European Union) the Company has prepared a European equity crowdfunding campaign since 2018, which will go live in the second half of 2019.

Especially for investors from China, in many cases financially backed by the Chinese government, Western-European medical technology innovations are increasingly attractive. This can be seen by an increase of direct investments from Chinese company’s in Western-European companies, but also by a growing demand for quality products from these countries for the Chinese market. Acting on this trend, in 2016 the Company has received funding from a Chinese-American medical doctor.

2.2 Course of business
Surge-on Medical B.V. was founded in 2015 with the aim of providing innovative surgical tools that optimize and expand the performance of the surgeon to enhance the quality of care for the patient. The Company is using (among others) the Shaft Actuated Tip Articulation mechanism (SATA) technologies, which is secured by two patents that are being researched since 2003 and patented since 2013 at Delft University of Technology. Surge-on Medical has an exclusive license on both patents.

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The patents are the basis for the Steerable Punch, an innovative solution which offers the needed extra reachability in knee joints and prevents the use of multiple cutting tools. In 2016 Surge-on Medical applied for two new patents: a) relates to a surgical device for minimally invasive surgery, comprising a shaft and a surgical module mounted to the distal end thereof, and b) relates to a surgical device for minimally invasive surgery. In 2017 the production of the first batch of Steerable Punches was completed, which opens the opportunity for extensive testing in hospital environments, and in 2018 the next-generation version of this product was completed and initial sales have been made.

From 2016 the Company has been researching and developing the Steerable Grasper, this is the first multi-steerable instrument of our advanced laparoscopic surgery line. Based on the Company’s patented steering mechanism, the Steerable Grasper features freedom wrist function of two degrees in the tip that allows surgeons to perform advanced laparoscopic procedures in an intuitive and ergonomic way. Successful cadaver studies with the Steerable Grasper have been completed in 2017 and a research project with a US robotic company to add this technology to their surgery robots has been successfully completed in 2018. The Steerable Grasper has been the topic in a 2018 study by Delft University of Technology and Amsterdam UMC, and in 2019 this scientific article was published in a leading magazine.

Since 2017, the company is developing PoLaRS a lightweight, portable telesurgical system intended for performing advanced laparoscopic surgery at low costs, in comparison with existing systems. The PoLaRS robotic system is being designed to be modular, portable and affordable, thus overcoming the limitations of the existing robotic surgical systems. Additionally, the robotic master-slave system is designed to be transported in two cases. The lack of locally arranged training possibilities is the second reason why robotic surgery is not implemented on a large scale in developing areas. To address this issue, Surge-on Medicam connecting the PoLaRS master to a Virtual Reality (VR) environment, as an alternative use for the master robot. PoLaRS is currently at Technology Readiness Level (TRL) 3, meaning that a proof-of-concept has been demonstrated. The first prototypes of the master, the slave robot, and the VR module have been built and will be tested in a comparison study with the Da Vinci Xi system, in collaboration with the VUmc and Reinier de Graaf hospitals. In 2018 the preparations for this study have been made.

2.3 Net assets, financial position and results of operations

2.3.1 Results of operations: Explanatory notes on the profit and loss account

The following selected historical financial information was taken from the audited financial statements of the Company as of December 31, 2018. The financial statements have been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The Company has increased its loss before taxes from EUR 119,255.00 (2017) to EUR 120,256.00 (2018) and decreased a loss after taxes from EUR 145,827.00 (2017) to EUR 121,662.00 (2017). This is due to the nature of the (startup) Company: because the product market launch will be in 2019, there is no sufficient revenue out of sales of products in 2018.

The net turnover of EUR 23,983.00 (2017: EUR 26,596.00) is mainly the result of a product development cooperation with a US robotics company and demo sales.
Total operating expenses went up to EUR 178,952.00 (2017: EUR 148,293.00) and consist mainly of management fees for the management of the Company (EUR 61,683.00), other operating expenses (EUR 48,867.00) and wages and salaries (EUR 32,052.00). These expenses have been necessary for managing the development projects the Company is taking part in, and running the ordinary course of business. The biggest increase was amortization and depreciation of Intangible and tangible fixed assets, mainly due to product development and intellectual property.

Furthermore, EUR 19,621.00 (2017: EUR 13,353.00) of financial expenses have been made, as part of the interest on the subordinated and STW loans.

2.3.2 Financial position: Explanatory notes on the capital structure, expenditures and liquidity Cash-flow primarily derived from non-dilutive financing by government grants, but also from pre-market launch revenues. Revenues are expected to increase in the future, as in 2019 the market launch of the first product, the Steerable Punch, will take place.

As described, in the previous paragraph, the Company has achieved revenue of EUR 23,983.00.

At 31 December 2018 the Company had a total amount of cash at bank of EUR 53,031.00 (an increase since 2017: 30,557.00). Considering the newly acquired (2019) grant and increasing sales, the Company is enabled to meet its obligations in the coming year.

The long-term liabilities (EUR 317,769.00 including interest) mainly consists of the STW loan, for which repayment is planned from January 2020, with the option of postponing these repayments with an extra year.

EUR 100,000.00 of the current liabilities (other liabilities) is the prepaid investment of a new shareholder (business angel) and this part of the liabilities will be reduced to nil once the 31 new ordinary shares are issued on his name, which is expected in 2019.

2.3.3 Net assets: Explanatory notes on the balance sheet The shareholder’s equity grew to a negative value of EUR 345,989.00 (2017: EUR 224,327.00). The outlook is positive and with this the Company can meet its obligations in the coming year.

The main investments were in development and intellectual property, as stated below:
Also during 2018 the company invested in development of the Steerable Punch, Steerable Grasper, and the PolaRS robot, growing the intangible fixed assets from EUR 229,984.00 (2017) to EUR 250,559.00 (2018) (of which EUR 190,175.00 development costs and EUR 60,384.00 intellectual property).

3. Report on post-balance sheet date events In 2019 the Company has acquired new non-dilutive funding, added sales, and grew intangible fixed assets (intellectual property).

New, non-dilutive funding:
- EIT Health Headstart grant (June 2019), EUR 50,000.00
The EIT Headstart grant finances the market introduction of the Steerable Punch, in terms of manufacturing, certification and early promotion. This contract terminates after completion of the project, expected early 2020. The grant includes a financial contribution by EIT Health to Surge-on Medical B.V. of EUR 50,000.00 in total (in advance) and does not have to be repaid once the project is successfully completed.

Sales and revenue:
- Prior to the official market launch late 2019, the first Steerable Punches have been sold to South Korean companies, which is the start of a distributor relationship in that region.

Intellectual property:
- The intellectual property expenses have increased in the first two quarters of 2019, as the Company's latest two patents have reached the national phase in Europe, United Stated, China and South Korea.

4. Report on expected developments and on opportunities and risks
4.1 Report on opportunities and expected developments
The Company will keep developing its current products: Steerable Punch, Steerable Grasper and POlaRS and will maintain its strong patent position on these and related technologies. With an increasing demand for healthcare solutions due to ageing population, growing population and increasing healthcare costs, the Company operates in a growing market. This opportunity is supported by a growing focus on the circular economy: the Company’s products are reusable and due to their steerable ability reduces the total amount of instruments used, and therefore reducing the environmental waste.

Additionally, the demand for affordable, modular and portable surgery robots is growing in the world, with the Company’s unique technologies, there is a good market opportunity for the Company’s development on POlaRS.

European and Dutch governments keep making grants available for healthcare innovation, and there is an increasing interest from European and Chinese investors for this market.

4.2 Risk report
4.2.1 Development and introduction of new products
The Company's ability to maintain and improve the market position depends on the successful development, introduction and commercialization of its products, systems and services and our ability to enhance the existing technology.

This is particularly challenging given that the Company's products and services are at the cutting edge of existing technologies and medical advances. The products have long development and approval cycles, which require, as a result, to accurately anticipate changes in the marketplace, in technology and in customer demands. Developing new technologies and enhancing existing technologies may require significant investment in research and development, clinical trials and numerous country-specific regulatory approvals.
The results of the Company’s efforts to develop products and our ability to commercialize new and enhanced technologies, may be affected by a number of factors, including the ability to accurately anticipate customer needs, innovate, and develop new products; obtain necessary regulatory approvals in a timely manner; secure reimbursement, manufacture products in a cost effective manner; obtain appropriate and geographically widespread intellectual property protections and rights for the Company’s products, and gain and maintain market acceptance for them.

There can be no assurance that any products currently in development, or those the company seeks to develop in the future, will achieve technological feasibility, obtain required regulatory approvals or import permits or gain market acceptance.

If the Company is unable to gain market acceptance for its products, or delay in the development or approval of any new product or technology may adversely impact the Company’s ability to fund its operations or to achieve new funding for further product developments.

The Company’s ability to successfully develop and introduce new products or enhance existing products, and to generate revenues, depends on the ability to, among other things:

- properly identify customer needs and long-term customer demands and market trends;
- demonstrate the clinical, operational and/or financial benefit of new products;
- timely obtain regulatory approval for selling products to different markets;
- market and sell the products competitively and profitably;
- manufacture, deliver and install the products in sufficient volumes on time, and accurately predict and control costs associated with manufacturing, installation, warranty and maintenance;
- manage customer acceptance and payment for products.

The Company provides no assurance that it will be able to successfully develop, manufacture or introduce new products, or enhancements thereto, the roll-out of which involves compliance with complex regulatory requirements for quality management systems, including, but not limited to, the European Union (“EU”) conformity assessment requirements, the Quality System Regulation (“QSR”) of the U.S. Food and Drug Administration (“FDA”) and requirements imposed by authorities in other regions the Company intends to sell its products to. Failure to fulfill these requirements in a timely and efficient manner could result in delays that could affect our ability to sell its products or to retain customers, as insufficient or inadequate compliance with such regulatory requirements may lead to market access restrictions, even including after receipt of regulatory approvals and introduction of new products.

The Company may need to spend more time and/or money than anticipated to develop and introduce new products. Even if new products gain market acceptance they may not be sufficiently profitable to enable the Company to recover all or a meaningful part of the investment necessary for the development of a product.

4.2.2 Market & Competition

The Company’s revenue and profit depends substantially on the volume and timing of customer orders, which are difficult to forecast with a degree of certainty. Any decline or lower than expected growth in the global healthcare market or important regional or local markets in which the Company is active could diminish demand for the products, which could have a material adverse effect on the Company’s business, financial condition and results of operations or prospects. In addition, demand
for products also depends on customers' capital spending budgets and cycles as well as government funding policies. Matters of public policy and government budget dynamics as well as product and economic cycles can affect the spending decisions of these customers. Furthermore, demand for the offered products is also sensitive to changes in customer order patterns, which may be affected by patients’ access to healthcare generally, changes in healthcare providers’ reimbursement levels and new product introductions, among other things.

Healthcare markets are characterized by rapidly evolving technology, intense competition and pricing pressure. To compete successfully, the Company must provide technologically superior, proven products that deliver more precise, cost-effective, high quality clinical outcomes, in a compelling package of products and services, and do so before competitors.

The ability to compete successfully may be adversely affected by a number of factors, such as:

- the introduction of new products or product improvements or enhancements by competitors, including products that could substitute the Company's products;
- failure to build and maintain relationships with customers, distributors and business or cooperation partners due to compliance requirements, an inability to extend or renew such partnerships or any other reason;
- blocking or otherwise adversely impacting intellectual property rights of others;
- Competitors who have lower production or delivery costs (due to geographic location, currency fluctuations or otherwise) and larger production and assembly capacity, which may enable them to compete more aggressively in offering discounts and lower prices, or are more successful in promoting their offering, brand and image in the market;
- new market entrants with substantial financial resources.

4.2.3 Strategy
The Company's future growth and success depend on the ability to implement the management's business strategies successfully. There can be no assurance that the Company will be successful in entering markets or in developing new technologies, products that have valuable applications in these markets for our customers.

The Company depends on third party sales agents, distributors and resellers for its global sales activities. A significant majority of our revenue is intended to be generated through external sales and distribution channels. Therefore the Company relies almost exclusively on third party agents, distributors and resellers. As a result, maintaining relationships with third party sales and distribution partners is critical to business. In addition, the failure of third-party agents, distributors and resellers to perform and satisfy their contractual obligations or establish and comply with applicable laws and regulations, among other things, may have a material adverse effect on the Company’s business.

The Company's production and assembly processes depend on the availability and timely supply of components, products and services from third-party suppliers. The reliance on third parties adds additional risks to the manufacturing process and service commitments that are beyond the Company’s control. The failure of suppliers to deliver in a timely manner could impair the Company’s ability to develop and produce and deliver products in a timely manner, or may require to find new suppliers or service providers at an increased cost and with delay in production or supply.
4.2.4 Legal
The Company develops and sells products that are at the cutting edge of existing technologies and medical advances are used while performing a surgery. As a result, the business exposes the Company to potential product liability and warranty or guarantee claims. Customers or their patients, among others, may bring product liability and warranty or guarantee claims in the event that the Company’s products fail, or allegedly fail, to perform as expected, show a failure rate which is higher than expected (in particular as new product or solution developments may relate to new technologies), or the use of the Company’s products or solutions results, or is alleged to result, in bodily injury. Product and other liability actions, claims or injunctions are subject to significant uncertainty and may be expensive, time-consuming, and disruptive to operations. For these and other reasons, the Company may choose to settle product liability claims and other liability actions, regardless of their actual merit. If a product liability action or other liability action or injunction were finally determined against the Company, it could result in significant damages and reputational harm, including the possibility of punitive damages, and the financial position, results of operations and cash flows could be materially and adversely affected.

The Company places considerable emphasis on obtaining relevant intellectual property rights, which include patents, designs, trademarks, know-how, domains and copyrights for our assets ("IPR"). The laws of many jurisdictions, including emerging countries, may not adequately protect our IPR to the same extent as the laws of some countries within the EU and of the United States. If we cannot adequately secure protection of our IPR in these countries, our competitors may be able to compete more successfully against us, which could have a material adverse effect on our business, financial condition and results of operations, reputation or prospects.

There is a substantial amount of litigation over IPR in the industry in which the Company operates. Competitors continually review other Company’ activities for possible conflicts with their own IPR. In addition, non-practicing entities may review the Company’s activities for conflicts with IPR they hold. Determining whether a product infringes a third party’s IPR involves complex legal and factual issues, and the outcome of this type of litigation is often uncertain and inconsistent, particularly across various jurisdictions. Third parties may claim that the Company is infringing their IPR. Surge-On Medical may not be aware of infringing on IPR of others that relate to its products or technologies.

4.2.5 Compliance and Risk Management
The Company’s compliance and risk management systems may prove to be inadequate to prevent and discover breaches of laws and regulations and to identify, evaluate and take appropriate countermeasures against relevant risks.

4.2.6 Foreign Currencies
The Company is exposed to currency fluctuation when it has to convert currencies that it may receive for products into currencies required to repay our indebtedness, purchase materials, meet fixed costs or pay for services or supplies, which could result in a gain or loss depending on fluctuations in exchange rates.
4.2.7 Personnel, Key Person Risk
The ability to operate the business and implement the Company’s growth strategy depends, to a significant degree, on the continued contributions of the two Company founders. In addition, future growth and success also depend on the Company’s ability to attract, recruit, develop and retain qualified personnel.

In the event of a possible loss of the Company’s key personnel, there is a risk that expertise may no longer be available and that qualified business structure and risk management may no longer be fully guaranteed. The loss of such persons could have an adverse effect on the economic development of the Company.

4.2.8 Liquidity and Financing
The Company’s development depends on the ability to finance working capital requirements and generate funds for general corporate purposes, including research and development and capital expenditures. The Company cannot rule out that, following the Offering, it may decide or be required to obtain additional financing from banks, public offerings or private placements of debt or equity securities, strategic relationships or other arrangements.

4.2.9 Forecast risk
The forecasts regarding the costs of implementing the corporate strategy, the achievable earnings and other aspects may prove to be inaccurate.

5. Corporate social responsibility
The Company complies with regulations and good business practices in social, environmental, and economical aspects. The Company’s products are manufactured by European companies who follow the same regulations and good business practices. Moreover, the Company’s products are reusable and replace multiple different products from competitors, and this leads eventually to decreased environmental waste.

6. Future
The Company is still in start-up phase and invested in developing innovative products in recent years. For the year 2019 this will continue, with an expected revenue increase out of contract research for third parties (due to the unique intellectual property position and the skilled knowledge workers the Company has) and the official market launch of the Steerable Punch in 2019.

As discussed in “Report on post-balance sheet date events” the Company keeps raising non-dilutive funding, which consists of grants and in a lesser extend also subordinated loans. In 2019 multiple grants are confirmed and will pay out (EIT Health and the remainder of MIT R&D grant), and the Company will apply for a multi-million euros SME grant (EU). Also, at least two distributors are close to placing orders with a total expected value (revenue) of EUR 70,000.00 to start with. Therefore, the working capital is expected to remain positive and the Company can meet its obligations in the coming year. Additionally, the company is in preparation of a European crowdfunding campaign. Provided that the campaign proceeds as expected, it can be assumed that the company will raise additional liquid funds. The Company will keep expanding its intellectual property, product and market knowledge, and an employee is receiving project management education to support the management in these and other topics.
7. Responsibility statement

The directors (CEO and CTO) of the Company assure that, to the best of their knowledge and belief, this management report includes fair view of the development and performance of the business and the position of the Company, together with a description of the opportunities and risks associated with the expected development of the Company.

Surge-on Medical B.V.
Delft, 14 June 2019

Benno Groosman MScBA
(CEO)

Tim Horeman-Franse, PhD
(CTO)
2017 financial statements
of
Surge-on Medical B.V.
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# Balance sheet on December 31, 2017

*(after appropriation of result)*

<table>
<thead>
<tr>
<th>Assets</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intangible fixed assets</td>
<td>229,984</td>
<td>78,428</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tangible fixed assets</td>
<td>2,310</td>
<td>2,888</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>232,294</strong></td>
<td><strong>81,316</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current receivables (1)</td>
<td>28,734</td>
<td>9,329</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash at bank and in hand</td>
<td>30,557</td>
<td>217,413</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>59,291</strong></td>
<td><strong>226,742</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shareholders’ equity and liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shareholders’ equity (2)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issued share capital</td>
<td>1,000</td>
<td>1,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legal and statutory reserves</td>
<td>183,146</td>
<td>50,285</td>
<td></td>
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</tr>
<tr>
<td>Other reserves</td>
<td>(408,473)</td>
<td>(129,789)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total shareholders’ equity and liabilities</strong></td>
<td><strong>(224,327)</strong></td>
<td><strong>(78,500)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provisions</td>
<td>36,629</td>
<td>10,057</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term liabilities (3)</td>
<td>267,807</td>
<td>254,642</td>
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<td></td>
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<tr>
<td>Current liabilities</td>
<td>211,476</td>
<td>121,859</td>
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<tr>
<td><strong>Total shareholders’ equity and liabilities</strong></td>
<td><strong>291,585</strong></td>
<td><strong>308,058</strong></td>
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<td></td>
</tr>
</tbody>
</table>

**29 OKT 2018**

*Marked for identification purposes only.*

*Proof:* [Signature]
### Profit and loss account for 2017

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2015/2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net turnover</td>
<td>€26,596</td>
<td>€25,966</td>
</tr>
<tr>
<td>Other operating income</td>
<td>€15,795</td>
<td></td>
</tr>
<tr>
<td>Wages and salaries</td>
<td>€19,702</td>
<td>€9,477</td>
</tr>
<tr>
<td>Social security charges</td>
<td>€2,901</td>
<td>€51</td>
</tr>
<tr>
<td>Management fee</td>
<td>€52,510</td>
<td>€57,626</td>
</tr>
<tr>
<td>Other staff costs</td>
<td>€212</td>
<td>€238</td>
</tr>
<tr>
<td>Amortization and depreciation of intangible and tangible fixed assets</td>
<td>€16,101</td>
<td>€3,560</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>€56,867</td>
<td>€19,538</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>€148,293</td>
<td>€90,490</td>
</tr>
<tr>
<td>Operating income</td>
<td>(€105,902)</td>
<td>(€64,524)</td>
</tr>
<tr>
<td>Financial income and expense</td>
<td>(€13,353)</td>
<td>(€4,919)</td>
</tr>
<tr>
<td>Profit/(loss) before taxation</td>
<td>(€119,255)</td>
<td>(€69,443)</td>
</tr>
<tr>
<td>Income taxes</td>
<td>€26,572</td>
<td>€10,057</td>
</tr>
<tr>
<td><strong>Profit/(loss) after taxation</strong></td>
<td>(€145,827)</td>
<td>(€79,500)</td>
</tr>
</tbody>
</table>

2.9 OKT 2018

Marked for identification purposes only.

Pamaf
Accounting policies used in preparing the financial statements

General

The registered office according to the Articles of Association of Surge-on Medical B.V. is Rotterdamseweg 183, 2629 HD Delft. Surge-on Medical B.V. is listed in the Commercial Register of the Chamber of Commerce under the following file number: 63571463.

The financial statements have been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code. The financial statements were prepared on 29 October 2018.

The comparative figures relate to the first financial year. The first financial year runs from 23 June 2015 to 31 December 2016.

Company activities

The main activity of the company is the development and marketing of medical devices and other products.

Going concern

Based on the loss in the financial year of € 145,827, the negative working capital and equity doubts can arise about the going concern assumption.

The company is still in a start-up phase and invested in developing innovative products in recent years. An innovation loan of € 150,000 is provided in 2018 and in the 4th quarter of 2018 a European equity crowdfunding campaign will be launched. Provided that the campaign proceeds as expected, it can be assumed that the company will continue as a going concern. Management expects that sale of developed products will ensure positive results in the future.

Based on the above, management has prepared the financial statements on a going concern basis.

Offsetting

Assets and liabilities are only offset in the financial statements if and to the extent that:

- An enforceable legal right exists to offset the assets and liabilities and settle them simultaneously.
- The positive intention is to settle the assets and liabilities on a net basis or simultaneously.

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Parafia
Intangible fixed assets

General

An intangible fixed asset is recognized in the balance sheet if:

- It is probable that the future economic benefits that are attributable to the asset will accrue to the company.
- The cost of the asset can be reliably measured.

Costs relating to intangible fixed assets not meeting the criteria for capitalization (for example, cost of research, internally developed brands, logos, trademark rights and client databases) are taken directly to the profit and loss account.

Intangible fixed assets are carried at cost of acquisition or production net of accumulated amortization and accumulated impairment losses where applicable.

Intangible fixed assets are amortized on a straight-line basis over their expected useful economic lives, subject to a maximum of twenty years. The useful economic life and the amortization method are reviewed at each financial year-end. If the estimated useful economic life exceeds twenty years, an impairments test is carried out at each financial year-end following the date of recognition.

Depreciation: Development costs 12.5% and intellectual property 5%.

Tangible fixed assets

Tangible fixed assets for own use

Tangible fixed assets for own use are carried at the cost of acquisition or production (less any investment grants) net of accumulated depreciation and, if applicable, accumulated impairment losses.

Tangible fixed assets carried at cost do not include capitalized interest charges.

Depreciation

<table>
<thead>
<tr>
<th>Equipment</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>20</td>
</tr>
</tbody>
</table>

Current receivables

Current receivables are initially recognized at fair value plus transaction costs and subsequently stated at amortized cost based on the effective interest method net of a provision for doubtful debts when necessary.

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Cash at bank and in hand

Cash at bank and in hand includes cash in hand, bank balances, notes and checks. It also includes deposits if these are effectively at the company's free disposal, even if interest income may be lost.

Cash at bank and in hand not expected to be at the company's free disposal for over 12 months is classified as financial fixed assets. Cash at bank and in hand are carried at face value.

Provisions

A provision is formed if the company has a legal or constructive obligation as on the balance sheet date if it is probable that an outflow of resources will be required to settle the obligation and the amount of the liability can be reliably estimated. The amount of the provision is determined based on a best estimate of the amounts required to settle the liabilities and losses concerned on the balance sheet date. Provisions are carried at present value, unless stated otherwise.

If a third-party reimbursement of expenses required to settle a provision is probable, the reimbursement is recognized as a separate asset.

Long-term liabilities

On initial recognition, long-term liabilities are carried at fair value less directly attributable transaction costs. After initial recognition, long-term liabilities are carried at amortized cost.

Current liabilities

On initial recognition, current liabilities are carried at fair value less directly attributable transaction costs. After initial recognition, current liabilities are carried at amortized cost. This is usually the face value for current liabilities.

Income

General

Gross margin represents net turnover, change in inventories of finished goods and construction contracts, own production capitalised, other operating income, raw materials and consumables, and other external charges. Net turnover represents the proceeds from the supply of goods and services, net of VAT, discounts, etc. etc.
Expenses

General
Expenses are determined with due observance of the aforementioned accounting policies and allocated to the financial year to which they relate. Foreseeable and other obligations as well as potential losses arising before the financial year-end are recognized if they are known before the financial statements are prepared and provided all other conditions for forming provisions are met.

Personnel
Wages, salaries and social security charges are recognized in the profit and loss account according to the terms of employment, to the extent they are due to either employees or the tax authorities.

Interest
Interest is allocated to successive financial reporting periods in proportion to the outstanding principal. Premiums and discounts, are treated as annual interest charges so that the effective interest rate, together with the interest payable on the loan, is recognized in the profit and loss account, with the amortized (net) cost of the liabilities being recognized in the balance sheet. Period interest charges and similar charges are recognized in the year in which they fall due.

Workforce
The average number of staff employed by the company in 2017 was 1 (2015/2016: 1).

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Notes on the balance sheet

Current receivables (1)
The receivables have a term of less than one year.

Shareholders' equity (2)

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2015/2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal and statutory reserves</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reserve for research and development costs</td>
<td>183,146</td>
<td>50,285</td>
</tr>
</tbody>
</table>

Other reserves
In accordance with the appropriation of the result, € 145,827 (2015/2016: € 79,500) has been deducted from the other reserves.

Long-term liabilities (3)

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2015/2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other liabilities</td>
<td>267,807</td>
<td>254,642</td>
</tr>
</tbody>
</table>

The loan concerns a 'Vroege Fase Financiering' of STW and the principal amount is € 249,800. The interest rate due is 5.17%. Repayments are planned as from 1 January 2019 in six annual installments of 20% of the principal sum. The amount to be repaid in the sixth year is equal to the then outstanding amount of the loan including the current interest. The part of the loan with a repayment term exceeding 5 years concerns € 67,967. No securities have been provided.

Arrangements and commitments not shown in the balance sheet

Other commitments not shown in the balance sheet

The company has entered into two license agreements for a period of 20 years. Therefore the company is obliged to a fixed fee of approx € 60,000 per annum. Besides the company is obliged to a turnover-related compensation per annum.

In 2016 the company received an amount of € 100,000 as an investment from a new shareholder. The transfer of shares is not yet finalized. Based on the agreed Letter of Intent, the new shareholder has the right to participate for 3% in Surga-on Medical B.V.
Signatories to the financial statements

Delft, 29 October 2018

Management board:

Mr. T. Horeman (on behalf of T. Horeman Beheer B.V.)

Mr. B. Groosman (on behalf of Groosman.co B.V.)
## Breakdowns of items in the balance sheet

### Intangible fixed assets

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2015/2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development costs</td>
<td>183,146</td>
<td>50,285</td>
</tr>
<tr>
<td>Intellectual property</td>
<td>46,838</td>
<td>28,143</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>229,984</strong></td>
<td><strong>78,428</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Development costs</th>
<th>Intellectual property</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carrying amount on January 1, 2017</td>
<td>50,285</td>
<td>28,143</td>
<td>78,428</td>
</tr>
<tr>
<td>Additions</td>
<td>146,435</td>
<td>20,644</td>
<td>167,079</td>
</tr>
<tr>
<td>Amortization</td>
<td>(13,574)</td>
<td>(1,949)</td>
<td>(15,523)</td>
</tr>
<tr>
<td>Carrying amount on December 31, 2017</td>
<td>183,146</td>
<td>46,838</td>
<td>229,984</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2015/2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td>199,479</td>
<td>49,588</td>
</tr>
<tr>
<td>Amortizations</td>
<td>(16,333)</td>
<td>(2,750)</td>
</tr>
<tr>
<td>Carrying amount on December 31, 2017</td>
<td>183,146</td>
<td>46,838</td>
</tr>
</tbody>
</table>

The costs of development consist of internal and external costs for the development of the Steerable Punch, the Grasper and the PoLaRS robot. A legal reserve has been included for the book value of the development costs.
## Tangible fixed assets

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2015/2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Equipment</strong></td>
<td>2,310</td>
<td>2,888</td>
</tr>
<tr>
<td><strong>Carrying amount on January 1, 2017</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Depreciation</strong></td>
<td></td>
<td>2,888</td>
</tr>
<tr>
<td><strong>Carrying amount on December 31, 2017</strong></td>
<td></td>
<td>(578)</td>
</tr>
<tr>
<td><strong>Cost</strong></td>
<td></td>
<td>2,310</td>
</tr>
<tr>
<td><strong>Accumulated depreciation and impairments</strong></td>
<td></td>
<td>(578)</td>
</tr>
<tr>
<td><strong>Carrying amount on December 31, 2017</strong></td>
<td></td>
<td>2,310</td>
</tr>
</tbody>
</table>

## Current receivables

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2015/2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Taxes and social security contributions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other amounts receivable, prepayments and accrued income</td>
<td>26,179</td>
<td>9,329</td>
</tr>
<tr>
<td>Payroll tax</td>
<td>2,555</td>
<td></td>
</tr>
<tr>
<td><strong>Taxes and social security contributions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other amounts receivable, prepayments and accrued income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other amounts receivable</td>
<td>2,555</td>
<td></td>
</tr>
</tbody>
</table>

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Pleas
<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2015/2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Other amounts receivable</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deposits</td>
<td>2,555</td>
<td></td>
</tr>
<tr>
<td><strong>Cash at bank and in hand</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ING Bank N.V.</td>
<td>30,557</td>
<td>217,413</td>
</tr>
<tr>
<td><strong>Shareholders' equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issued share capital</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1,000 ordinary shares with a nominal value of € 1.00</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td><strong>Legal and statutory reserves</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reserve for research and development costs</td>
<td>183,146</td>
<td>50,285</td>
</tr>
<tr>
<td><strong>Other reserves</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance on January 1</td>
<td>(129,785)</td>
<td></td>
</tr>
<tr>
<td>Profit appropriation</td>
<td>(145,827)</td>
<td>(79,500)</td>
</tr>
<tr>
<td>Addition to legal and reserves</td>
<td>(132,861)</td>
<td>(50,285)</td>
</tr>
<tr>
<td>Balance on December 31</td>
<td>(408,473)</td>
<td>(129,785)</td>
</tr>
<tr>
<td><strong>Provisions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provision for deferred taxation</td>
<td>36,629</td>
<td>10,057</td>
</tr>
</tbody>
</table>

**Provision for deferred taxation**

This provision relates to temporary differences between the valuation in the financial statements and the valuation of assets and liabilities for tax purposes. This provision is based on the applicable tax rate of 20.0%.

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<table>
<thead>
<tr>
<th>Book value for financial reporting</th>
<th>Book value fiscal</th>
<th>Difference</th>
<th>%</th>
<th>Provision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development costs</td>
<td>183,146</td>
<td>183,146</td>
<td>20.0</td>
<td>36,629</td>
</tr>
<tr>
<td></td>
<td>2017</td>
<td>2015/2016</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance on January 1, 2017</td>
<td>10,057</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Addition</td>
<td>26,572</td>
<td>10,057</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance on December 31, 2017</td>
<td>36,629</td>
<td>10,057</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Long-term liabilities**

Other liabilities

<table>
<thead>
<tr>
<th>Book value for financial reporting</th>
<th>Book value fiscal</th>
<th>Difference</th>
<th>%</th>
<th>Provision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other liabilities</td>
<td>267,807</td>
<td>254,642</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Other liabilities**

Loan STW

<table>
<thead>
<tr>
<th>Book value for financial reporting</th>
<th>Book value fiscal</th>
<th>Difference</th>
<th>%</th>
<th>Provision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan STW</td>
<td>267,807</td>
<td>254,642</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The loan concerns a 'Vroege Fase Financiering' of STW and the principal amount is € 249,800. The interest rate due is 5.17%. Repayments are planned as from 1 January 2019 in six annual installments of 20% of the principal sum. The amount to be repaid in the sixth year is equal to the then outstanding amount of the loan including the current interest. The part of the loan with a repayment term exceeding 5 years concerns € 67,967. No securities have been provided.

**Current liabilities**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount 1</th>
<th>Amount 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade creditors/suppliers</td>
<td>33,835</td>
<td>17,608</td>
</tr>
<tr>
<td>Taxes and social security contributions</td>
<td>421</td>
<td>-</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>116,126</td>
<td>101,751</td>
</tr>
<tr>
<td>Accruals and deferred income</td>
<td>61,094</td>
<td>2,500</td>
</tr>
<tr>
<td></td>
<td>211,476</td>
<td>121,859</td>
</tr>
</tbody>
</table>

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Parad
<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2015/2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Trade creditors/suppliers</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creditors</td>
<td>33,835</td>
<td>17,608</td>
</tr>
<tr>
<td><strong>Taxes and social security contributions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payroll tax</td>
<td>421</td>
<td>-</td>
</tr>
<tr>
<td><strong>Other liabilities, accruals and deferred income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other liabilities</td>
<td>116,126</td>
<td>101,751</td>
</tr>
<tr>
<td>Accruals and deferred income</td>
<td>61,094</td>
<td>2,500</td>
</tr>
<tr>
<td></td>
<td>177,220</td>
<td>104,251</td>
</tr>
<tr>
<td><strong>Other liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepaid investment new shareholder</td>
<td>100,000</td>
<td>100,000</td>
</tr>
<tr>
<td>Current account management B. Groosman</td>
<td>170</td>
<td>170</td>
</tr>
<tr>
<td>Current account management T. Horeman</td>
<td>15,956</td>
<td>1,581</td>
</tr>
<tr>
<td></td>
<td>116,126</td>
<td>101,751</td>
</tr>
<tr>
<td><strong>Accruals and deferred income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Holiday pay</td>
<td>876</td>
<td>-</td>
</tr>
<tr>
<td>Audit fees</td>
<td>3,840</td>
<td>2,500</td>
</tr>
<tr>
<td>Advance payments</td>
<td>18,205</td>
<td>-</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>38,173</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>61,094</td>
<td>2,500</td>
</tr>
</tbody>
</table>
## Breakdowns of items in the profit and loss account

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2015/2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net turnover</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net turnover</td>
<td>26,596</td>
<td>25,966</td>
</tr>
<tr>
<td><strong>Other operating income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other operating income</td>
<td>15,795</td>
<td>-</td>
</tr>
<tr>
<td><strong>Staff costs</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wages and salaries</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social security charges</td>
<td>2,901</td>
<td>51</td>
</tr>
<tr>
<td>Management fee</td>
<td>52,510</td>
<td>57,626</td>
</tr>
<tr>
<td>Other staff costs</td>
<td>212</td>
<td>238</td>
</tr>
<tr>
<td></td>
<td>75,325</td>
<td>67,392</td>
</tr>
<tr>
<td><strong>Wages and salaries</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross income</td>
<td>18,542</td>
<td>31,917</td>
</tr>
<tr>
<td>Movement in holiday pay liability</td>
<td>1,160</td>
<td>2,493</td>
</tr>
<tr>
<td>Subsidy received</td>
<td>19,702</td>
<td>34,410</td>
</tr>
<tr>
<td>(4,868)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Activation of labor costs for research and development</td>
<td>-</td>
<td>(20,065)</td>
</tr>
<tr>
<td></td>
<td>19,702</td>
<td>9,477</td>
</tr>
<tr>
<td><strong>Social security charges</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrial insurance board</td>
<td>2,901</td>
<td>51</td>
</tr>
<tr>
<td><strong>Management fee</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management fee</td>
<td>80,784</td>
<td>57,626</td>
</tr>
<tr>
<td>Activation of management fee for research and development</td>
<td>(28,274)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>52,510</td>
<td>57,626</td>
</tr>
</tbody>
</table>
### Other staff costs

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2015/2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other staff costs</td>
<td>212</td>
<td>238</td>
</tr>
</tbody>
</table>

### Amortization and depreciation of intangible and tangible fixed assets

#### Amortization of intangible fixed assets

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2015/2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development costs</td>
<td>13,574</td>
<td>2,759</td>
</tr>
<tr>
<td>Intellectual property</td>
<td>1,949</td>
<td>801</td>
</tr>
<tr>
<td></td>
<td>15,523</td>
<td>3,560</td>
</tr>
</tbody>
</table>

#### Depreciation of tangible fixed assets

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2015/2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment</td>
<td>578</td>
<td></td>
</tr>
</tbody>
</table>

### Other operating expenses

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2015/2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accommodation costs</td>
<td>11,263</td>
<td>-</td>
</tr>
<tr>
<td>Office expenses</td>
<td>6,601</td>
<td>2,423</td>
</tr>
<tr>
<td>Selling expenses</td>
<td>15,084</td>
<td>1,072</td>
</tr>
<tr>
<td>General expenses</td>
<td>23,919</td>
<td>16,043</td>
</tr>
<tr>
<td></td>
<td>56,867</td>
<td>19,538</td>
</tr>
</tbody>
</table>

### Accommodation costs

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2015/2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent</td>
<td>11,263</td>
<td>-</td>
</tr>
</tbody>
</table>

### Office expenses

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2015/2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office supplies</td>
<td>4,538</td>
<td>727</td>
</tr>
<tr>
<td>IT costs</td>
<td>1,759</td>
<td>1,446</td>
</tr>
<tr>
<td>Postage</td>
<td>304</td>
<td>-</td>
</tr>
<tr>
<td>Membership fees and subscriptions</td>
<td>-</td>
<td>250</td>
</tr>
<tr>
<td></td>
<td>6,601</td>
<td>2,423</td>
</tr>
</tbody>
</table>
## Selling expenses

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2015/2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Publicity and advertising costs</td>
<td>2,083</td>
<td></td>
</tr>
<tr>
<td>Business entertainment costs</td>
<td>2,239</td>
<td>73</td>
</tr>
<tr>
<td>Travel and hotel expenses</td>
<td>10,539</td>
<td>961</td>
</tr>
<tr>
<td>Other selling expenses</td>
<td>223</td>
<td>38</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>15,084</td>
<td>1,072</td>
</tr>
</tbody>
</table>

## General expenses

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2015/2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit fees</td>
<td>5,575</td>
<td>3,558</td>
</tr>
<tr>
<td>Consultancy fees</td>
<td>15,472</td>
<td>6,853</td>
</tr>
<tr>
<td>Legal fees</td>
<td>1,829</td>
<td>5,337</td>
</tr>
<tr>
<td>Insurances</td>
<td>1,003</td>
<td></td>
</tr>
<tr>
<td>Other general expenses</td>
<td>40</td>
<td>295</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>23,919</td>
<td>16,043</td>
</tr>
</tbody>
</table>

## Financial income and expense

### Interest expense and similar charges

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2015/2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan interest STW</td>
<td>13,165</td>
<td>4,842</td>
</tr>
<tr>
<td>Other interest expenses</td>
<td>188</td>
<td>77</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>13,353</td>
<td>4,919</td>
</tr>
</tbody>
</table>

## Income taxes

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2015/2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in provision for deferred tax</td>
<td>26,572</td>
<td>10,057</td>
</tr>
</tbody>
</table>
INDEPENDENT AUDITOR’S REPORT

To: The shareholders of Surge-On Medical B.V.

A. Report on the audit of the financial statements 2017 included in the annual reports

Our opinion

We have audited the financial statements 2017 of Surge-On Medical B.V. based in Rotterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Surge-On Medical B.V. as at 31 December 2017, and of its result for 2017 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 2017;
2. the profit and loss account for 2017; 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 Surge-On Medical B.V. in accordance with the “Verordening inzake de Onafhankelijkheid van accountants” (VvO, 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 horensregel: 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.
B. 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:

- other information as required by 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;
- 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. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

C. Description of responsibilities regarding the financial statements

Responsibilities of management for the financial statements
The board is 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, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company’s ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company’s ability to continue as a going concern in the financial statements.
Our responsibilities for the audit of the financial statements

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

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

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. 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 judgment and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, 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 error, 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 management;

- 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 a company to cease 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.

The Hague, 29 October 2018

[Signature]

Ruttenburg adviseurs & accountants
drs. A.C. van den Burg RA
Surge-On Medical B.V.
Attn. Mr. R. Groomez
Rotterdamseweg 183c
2629 HD DELFT

The Hague, 17 July 2019

Subject: Confirmation letter 2017

Dear Mr. Groomez,

This letter should be read in conjunction with the annual report 2017 of Surge-On Medical B.V. and our thereon issued independent auditor’s report dated 29 October 2018.

We confirm that:
- We have performed audit procedures on the Management Report 2017, initialled for identification purposes dated 18 February 2019, in accordance with ISA 720.

Yours sincerely,

[Signature]

Ruitenburger adviseurs & accountants

dr. A.C. van den Burg RA
14.9. Management report for the year 2017

Management Report 2017

1. Fundamental information about the company

1.1 The company’s business model

Surge-on Medical B.V. (the Company) was founded in 2015 with the aim of developing and selling innovative surgical tools that optimize and expand the performance of the surgeon to enhance the quality of care for the patient.

Surge-on Medical B.V. develops steerable, detachable and cleanable surgical instruments based on its exclusive portfolio of four patents. Since 2015 its start in the Company has successfully developed and tested 2 instruments for arthroscopy and laparoscopy, and since 2017 it has a portable laparoscopic robotic system (PoLaRS) in development.

Surge-on Medical focuses on R&D and will coordinate all manufacturing and distribution activities with established industry partners. The business model consists of three revenue streams:

- Selling products to distributors or hospitals;
- IP licenses for distributors and industry;
- Industry-paid contract research to develop new products based on the company’s IP.

According to Article 3 of the Company’s articles of association, the purpose of the Company as a company is:

a. The development and marketing of medical instrumentation and other products;
b. exploitation and marketing of patents, trademark rights, licenses, know-how, copyrights, databases and other intellectual property rights;
c. establishing, participating in, controlling and cooperating with legal entities, companies and corporations in any way;
d. providing advice and the provision of services to legal persons, companies and corporations with which the company is affiliated in a group and to third parties;
e. the financing of legal persons, companies and corporations;
f. borrowing, lending and gathering shall include issuing bonds, debt securities or other securities, and the entering into related agreements;
g. the provision of guarantees, connecting the company and the assets of the company on behalf of legal entities, companies and corporations with which the company is in a group and for the benefit of third parties;
h. obtaining, managing, objecting, exploiting and alienating registered property and assets in general;
i. trading of currencies, securities and assets in general;
j. performing all types of industrial, financial and commercial activities,

and, furthermore, all that may be linked or conducive to this, all in the broadest sense of the word.

1.2 Branches

Surge-on Medical’s patented steerable technology is intended to be the base of a platform of technologies with applications in many fields of surgery.

The Steerable Punch is the Company’s first product, aiming for application in arthroscopy, that consists for a global market with estimated annual volume of EUR 273 million. Further products currently in development are the Steerable Grasper, which is aiming for application in laparoscopy, and

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a global market with annual volume of EUR 1.8 billion, and PoLaRS (a portable surgical robot), addressing a global market with annual volume of EUR 3.2 billion. The estimated market sizes are in the opinion of Surge-on Medical B.V.'s management, based on different public and non-public sources.

Surge-on Medical competes in the market of minimally invasive instruments, worldwide, but with a (non-exclusive) focus on European Union, China and later the United States. The Steerable Punch will primarily be used for meniscectomies (cutting of rupture meniscus tissue located in the knee joint), where the Steerable Grasper will be used for laparoscopic surgeries (abdominal area surgeries). PoLaRS is part of the surgical robot market.

1.3 Objectives and strategies
Surge-on Medical wants to become the worldwide leader in the development of minimally invasive instruments, therefore the Company is planning a fast expansion into many surgical fields. To start, the Company will focus on the market launch of the Steerable Punch to achieve market recognition and initial profit, needed to support the further development of new products. This growth requires additional funds to cover the large-scale manufacturing of the Steerable Punch, marketing activities, certifications costs, additional R&D and team expansion in engineering and sales.

Surge-on Medical’s operations and principle activities consist of research, development, securing intellectual property for the previous, prototyping, outsourcing manufacturing, business development, and acquiring funding for our multi-patented platform technology which makes minimally invasive surgical instruments steerable, detachable and cleanable. All products are and will be developed by Surge-on Medical B.V., but manufacturing is and will be done by third parties on behalf of the Company.

1.4 Internal management system
The Company’s governing bodies are the Board and the General Meeting. The Board is responsible for managing the Company in the best interests of the company. It may consist of one or more directors. The General Meeting determines the number of directors.

Currently, the board consists of two directors: Groosman.co B.V. and T. Horeman Beheer B.V., represented by their respective directors, Benno Groosman MScBA and Tim Horeman-Franse, PhD.

Each director has one vote and all decisions of the Board are taken with absolute majority of the votes cast. Each director is authorized to solely represent the company.

The General Meeting has to be convened at least annually. The Board may convene a General Meeting at any time as the Board deems necessary. The Board is obliged to convene a General Meeting at the request of one or more persons who own solely or jointly at least one hundredth of the Company’s issued capital, unless an overriding interest of the Company as a company opposes it.

Each of the Company’s shares gives one voting right. To the extent that the law or the Company’s articles of association do not require a larger majority, all decisions shall be taken by an absolute majority of the votes.

Both Groosman.co B.V. and T. Horeman Beheer B.V. (represented by their respective directors, Benno Groosman MScBA and Tim Horeman-Franse, PhD) have been members of the Board since the Company’s establishment on 23 June 2015. There is no date of expiration of the current term of office (Board members for an indefinite period).

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1.5 Research and development

In 2017 research and development activities have taken place for the following products:

4. PoLaRS VR training system in development since 2018 current stage (2019): early prototype

With a portfolio of innovative, disruptive products, Surge-on Medical is highly dependent on intellectual property, to keeping a competitive advantage on the market. The four patents [all applied for in or granted in European Union, parts of Asia (China and/or Japan) and United States are the base of the Company’s products and market success. The patents are public under the reference numbers: WO2018106116, WO2018074919, WO20141448898 and WO2016111621.

Patents WO2014144898 and WO2016111621 are part of an exclusive license that the company receives from the Delft University of Technology. In 2019 these patents will be fully on the Company’s name (applicant) and the license is valid for the patents lifespan (until 2033 and 2035). The other two patents are applied for in 2016 and owned by the Company.

Any newly developed manufacturing process for the Company’s products with the current production partners (currently all in the Netherlands and Germany), is subject to confidentiality and in case it is the base for new intellectual property, Surge-on Medical will own these rights, as part of the partners’ general terms and conditions and contracts.

Research and development policies have been focused on designing, validating, test-manufacturing, testing, development improvements and manufacturing of the Steerable Punch since 2015. Since 2016 this has been done for the Steerable Grasper too, with the exception of manufacturing. Portable Laparoscopic Robot System (PoLaRS) since 2017 and PoLaRS VR training system since 2018 are in an early, but promising, R&D stage, for each proof of concepts have been validated.

All research and development activities have been financed by Surge-on Medical, and where grants, loans or investments were received for these activities, only Surge-on Medical holds and will hold the intellectual property rights, commercialization rights and all other rights on the (outcomes of) these developments.

1.6 Legal structure

The Company’s legal name is Surge-on Medical B.V. (Besloten Vennootschap) [i.e. a private limited liability company] and the company also operates on the market under its commercial name Surge-on Medical. The Company was registered as a company on 23 June, 2015, for indefinite length. The Company is a single entity: it does not have subsidiaries or parent. The Company is registered in Delft, The Netherlands, under registration number RSIN 855297888. The Company is listed in the Commercial register of the Chamber of Commerce under the following file number: 635714.

The issued capital amounts to EUR 1,000.00. There are 1,000 authorized shares. 1,000 shares are issued and fully paid. The par value of share is EUR 1.00. Since the year 2015 there are no new shares

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outstanding. The share capital has not been increased or decreased since the establishment of the Company. All the Company’s major shareholders have the same voting rights.

2. Report on economic position

2.1 Macroeconomic and sector-specific environment

Due to population growth, an ageing population, and increased purchasing power the worldwide market of medical technology is growing annually. More specific for the Company’s operations, the market of minimally invasive surgery and surgical instruments for this type of surgery is growing too. With the unique advantages of the Company’s patented technology, and products that are based on this technology, the management expects the Company to become a relevant player in a growing market.

In the Netherlands, and in the European Union, there are good circumstances for starting and growing a medical technology company. Local, regional, national and European governments are stimulating innovation in medical technology, both with administrative support as well as funding options. Also in 2017 the Company has benefitted from this government policy, especially by attracting non-dilutive funding, which have supported the operational and R&D costs in starting and growing the Company’s business and R&D activities. Additionally, the Netherlands has an active base of professional healthcare investors (venture capital), this contributes to the good environment of starting and growing an innovative business in this region.

Especially for investors from China, in many cases financially backed by the Chinese government, Western-European medical technology innovations are increasingly attractive. This can be seen by an increase of direct investments from Chinese company’s in Western-European companies, but also by a growing demand for quality products from these countries for the Chinese market. Acting on this trend, in 2015 the Company has received funding from a Chinese-American medical doctor.

2.2 Course of business

Surge-on Medical B.V. was founded in 2015 with the aim of providing innovative surgical tools that optimize and expand the performance of the surgeon to enhance the quality of care for the patient. The Company is using (among others) the Shaft Actuated Tip Articulation mechanism (SATA) technologies, which is secured by two patents that are being researched since 2003 and patented since 2013 at Delft University of Technology. Surge-on Medical has an exclusive license on both patents.

The patents are the basis for the Steerable Punch, an innovative solution which offers the needed extra reachability in knee joints and prevents the use of multiple cutting tools.

In 2016 Surge-on Medical applied for two new patents: a) relates to a surgical device for minimally invasive surgery, comprising a shaft and a surgical module mounted to the distal end thereof; and b) relates to a surgical device for minimally invasive surgery. In 2017 the production of the first batch of Steerable Punches was completed, which opens the opportunity for extensive testing in hospital environments.

From 2016 the Company has been researching and developing the Steerable Grasper, this is the first multi-steerable instrument of our advanced laparoscopic surgery line. Based on the Company’s patented steering mechanism, the Steerable Grasper features freedom wrist function of two degrees that allows surgeons to perform advanced laparoscopic procedures in an intuitive and ergonomic way. Successful cadaver studies with the Steerable Grasper have been completed in 2017 and a research project with a US robotic company to add this technology to their surgery robots has started.

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Framed
Since 2017, the company is developing PoLaRS a lightweight, portable telesurgical system intended for performing advanced laparoscopic surgery at low costs, in comparison with existing systems. The PoLaRS robotic system is being designed to be modular, portable and affordable, thus overcoming the limitations of the existing robotic surgical systems. Additionally, the robotic master-slave system is designed to be transported in two cases. The lack of locally arranged training possibilities is the second reason why robotic surgery is not implemented on a large scale in developing areas. To address this issue, Surge-on Medical is connecting the PoLaRS master to a Virtual Reality (VR) environment, as an alternative use for the master robot. PoLaRS is currently at Technology Readiness Level (TRL) 3, meaning that a proof-of-concept has been demonstrated. The first prototypes of the master, the slave robot, and the VR module have been built and will be tested in a comparison study with the Da Vinci Xi system, in collaboration with the VUmc and Reinier de Graaf hospitals.

The Company joined the European Catapult competition for healthcare startups, and was awarded by EIT Health in reaching the top 3 of best European startups in the category medtech.

2.3 Net assets, financial position and results of operations
2.3.1 Results of operations: Explanatory notes on the profit and loss account
The following selected historical financial information was taken from the audited financial statements of the Company as of December 31, 2017. The financial statements have been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The Company has increased its loss before taxes from EUR 69,443.00 (2016) to EUR 119,255.00 (2017) and a loss after taxes from EUR 79,500.00 (2016) to EUR 145,827.00 (2017). This is due to the nature of the (startup) Company: because there are no products on the market there is no revenue out of sales of products.

The revenue of EUR 26,596.00 (2016: EUR 25,966.00) is mainly the result of a product development cooperation with a US robotics company.

Total operating expenses went up to EUR 148,293.00 (2016: EUR 90,490.00) and consist mainly of management fees for the management of the Company (EUR 52,510.00), other operating expenses (EUR 56,867.00) and wages and salaries (EUR 19,702.00). These expenses have been necessary for managing the development projects the Company is taking part in, and running the ordinary course of business. The wages and salaries costs grew, as in 2017 an extra employee was hired. Management fee costs went slightly down. The biggest increase was in other operating expenses, mainly due to the first-time rent of an office per January 2017 and an increase in selling and general expenses.

Furthermore, EUR 13,353.00 (2016: EUR 4,019) of financial expenses have been made, as part of the interest on the STW loan of EUR 249,500.00.

2.3.2 Financial position: Explanatory notes on the capital structure, expenditures and liquidity
Cash-flows primarily derived from non-dilutive financing by government grants, but also from pre-market launch revenues. Revenues are expected to increase in the future, as in 2019 the market launch of the first product, the Steerable Punch, will take place.

As described, in the previous paragraph, the Company has achieved revenue of EUR 26,596.00.

At 31 December 2017 the Company had a total amount of cash at bank of EUR 15,421.00, considering the newly acquired bank loans and government grants in 2018, the Company is enabled to meet its obligations in the coming year.
The long-term liabilities (EUR 267,807.00 including interest) only consist of the STW loan, with planned repayments from January 2019 onwards, with the option of postponing these repayments with an extra 2 years.

EUR 100,000.00 of the current liabilities (other liabilities) is the prepaid investment of a new shareholder (business angel) and this part of the liabilities will be reduced to nil if once the new shares are issued on his name, which is expected early 2019.

2.3.3 Net assets: Explanatory notes on the balance sheet
The shareholder’s equity grew to a negative value of EUR 224,327.00 (2016: EUR 78,500.00). The working capital is positive and with this the Company can meet its obligations in the coming year.

The main investments were in development and intellectual property, as stated below:
During 2017 the company invested in development of the Steerable Punch, Steerable Grasper, and the PoLaRS robot, growing the intangible fixed assets from EUR 78,428.00 (2016) to EUR 229,984.00 (2016) (of which EUR 183,146.00 development costs and EUR 46,838.00 intellectual property).

3. Report on post-balance sheet date events
In 2018 the Company has acquired new non-dilutive funding, increased its revenue and grew intangible fixed assets (development costs and intellectual property).

New, non-dilutive funding:
- Government grant (MIT R&D), EUR 70,525.00 (year 2018);
- Sub-ordinated bank loan (Rabobank), EUR 150,000.00 (year 2018).

The MIT R&D grant contract covers R&D activities for preparing the larger scale manufacturing of the Steerable Punch and Steerable Grasper, together with a research partner. This contract terminates after completion of the project, expected December 2019. The grant includes a financial contribution by the regional government to Surge-on Medical B.V. of €70,525.00 in total and does not have to be repaid once the project is successfully completed.

The sub-ordinated bank loan (Rabobank) is split in two parts:
- EUR 75,000.00 interest (7.5%) subordinated loan, to be paid back in full in 2025. Early repayment is possible. Outstanding loan volume January 2019: EUR 75,000.00.
- EUR 75,000.00 interest (7.5%) subordinated loan, to be paid back in 20 quarterly terms from August 2020. Early repayment is possible. Outstanding loan volume January 2019: EUR 75,000.00.

4. Report on expected developments and on opportunities and risks
4.1 Report on opportunities and expected developments
The Company will keep developing its current products: Steerable Punch, Steerable Grasper and PoLaRS and will maintain its strong patent position on these and related technologies. With an increasing demand for healthcare solutions due to ageing population, growing population and increasing healthcare costs, the Company operates in a growing market. This opportunity is supported on the circular economy: the Company’s products are reusable and due to their steerability reduces the total amount of instruments used, and therefore reducing the environmental impact.
Additionally, the demand for affordable, modular and portable surgery robots is growing in the world, with the Company's unique technologies, there is a good market opportunity for the Company's development on PoLaRS.

European and Dutch governments keep making grants available for healthcare innovation, and there is an increasing interest from European and Chinese investors for this market.

4.2 Risk report.

4.2.1 Development and introduction of new products

The Company's ability to maintain and improve the market position depends on the successful development, introduction and commercialization of its products, systems and services and our ability to enhance the existing technology.

This is particularly challenging given that the Company's products and services are at the cutting edge of existing technologies and medical advances. The products have long development and approval cycles, which require, as a result, to accurately anticipate changes in the marketplace, in technology and in customer demands. Developing new technologies and enhancing existing technologies may require significant investment in research and development, clinical trials and numerous country-specific regulatory approvals.

The results of the Company's efforts to develop products and our ability to commercialize new and enhanced technologies, may be affected by a number of factors, including the ability to accurately anticipate customer needs, innovate, and develop new products obtain necessary regulatory approvals in a timely manner, secure reimbursement, manufacture products in a cost effective manner, obtain appropriate and geographically widespread intellectual property protections and rights for the Company's products, and gain and maintain market acceptance for them.

There can be no assurance that any products currently in development, or those the company seeks to develop in the future, will achieve technological feasibility, obtain required regulatory approvals or import permits or gain market acceptance.

If the Company is unable to gain market acceptance for its products, or delay in the development or approval of any new product or technology may adversely impact the Company's ability to fund its operations or to achieve new funding for further product developments.

The Company's ability to successfully develop and introduce new products or enhance existing products, and to generate revenues, depends on the ability to, among other things:

- properly identify customer needs and long-term customer demands and market trends;
- demonstrate the clinical, operational and/or financial benefit of new products;
- timely obtain regulatory approval for selling products to different markets;
- market and sell the products competitively and profitably;
- manufacture, deliver and install the products in sufficient volumes on time, and accurately, predict and control costs associated with manufacturing, installation, warranty and maintenance;
- manage customer acceptance and payment for products.

The Company provides no assurance that it will be able to successfully develop, manufacture or introduce new products, or enhancements thereto, the roll-out of which involves compliance with
complex regulatory requirements for quality management systems, including, but not limited to, the European Union ("EU") conformity assessment requirements, the Quality System Regulation ("QSR") of the U.S. Food and Drug Administration ("FDA") and requirements imposed by authorities in other regions the Company intends to sell its products to. Failure to fulfill these requirements in a timely and efficient manner could result in delays that could affect our ability to sell its products or to retain customers, as insufficient or inadequate compliance with such regulatory requirements may lead to market access restrictions, even including after receipt of regulatory approvals and introduction of new products.

The Company may need to spend more time and/or money than anticipated to develop and introduce new products. Even if new products gain market acceptance they may not be sufficiently profitable to enable the Company to recover all or a meaningful part of the investment necessarily for the development of a product.

4.2.2 Market & Competition
The Company’s revenue and profit depends substantially on the volume and timing of customer orders, which are difficult to forecast with a degree of certainty. Any decline or lower than expected growth in the global healthcare market or important regional or local markets in which the Company is active could diminish demand for the products, which could have a material adverse effect on the Company’s business, financial condition and results of operations or prospects. In addition, demand for products also depends on customers’ capital spending budgets and cycles as well as government funding policies. Matters of public policy and government budget dynamics as well as product and economic cycles can affect the spending decisions of these customers. Furthermore, demand for the offered products is also sensitive to changes in customer order patterns, which may be affected by patients’ access to healthcare generally, changes in healthcare providers’ reimbursement levels and new product introductions, among other things.

Healthcare markets are characterized by rapidly evolving technology, intense competition and pricing pressure. To compete successfully, the Company must provide technologically superior, proven products that deliver more precise, cost-effective, high quality clinical outcomes, in a compelling package of products and services, and do so before competitors.

The ability to compete successfully may be adversely affected by a number of factors, such as:

- the introduction of new products or product improvements or enhancements by competitors, including products that could substitute the Company’s products;
- failure to build and maintain relationships with customers, distributors and business or cooperation partners due to compliance requirements, an inability to extend or renew such partnerships or any other reason;
- blocking or otherwise adversely impacting intellectual property rights of others;
- Competitors who have lower production or delivery costs (due to geographic location, currency fluctuations or otherwise) and larger production and assembly capacity, which may enable them to compete more aggressively in offering discounts and lower prices, or are more successful in promoting their offering, brand and image in the market;

new market entrants with substantial financial resources.

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4.2.3 Strategy
The Company's future growth and success depend on the ability to implement the management's business strategies successfully. There can be no assurance that the Company will be successful in entering markets or in developing new technologies, products that have valuable applications in these markets for our customers.

The Company depends on third party sales agents, distributors and resellers for its global sales activities. A significant majority of our revenue is intended to be generated through external sales and distribution channels. Therefore the Company relies almost exclusively on third party agents, distributors and resellers. As a result, maintaining relationships with third party sales and distribution partners is critical to business. In addition, the failure of third-party agents, distributors and resellers to perform and satisfy their contractual obligations or establish and comply with applicable laws and regulations, among other things, may have a material adverse effect on the Company's business.

The Company's production and assembly processes depend on the availability and timely supply of components, products and services from third-party suppliers. The reliance on third parties adds additional risks to the manufacturing process and service commitments that are beyond the Company's control. The failure of suppliers to deliver in a timely manner could impair the Company's ability to develop and produce and deliver products in a timely manner, or may require to find new suppliers or service providers at an increased cost and with delay in production or supply.

4.2.4 Legal
The Company develops and sells products that are at the cutting edge of existing technologies and medical advances are used while performing a surgery. As a result, the business exposes the Company to potential product liability and warranty or guarantee claims. Customers or their patients, among others, may bring product liability and warranty or guarantee claims in the event that the Company's products fail, or allegedly fail, to perform as expected, show a failure rate which is higher than expected (in particular as new product or solution developments may relate to new technologies), or the use of the Company's products or solutions results, or is alleged to result, in bodily injury. Product and other liability actions, claims or injunctions are subject to significant uncertainty and may be expensive, time-consuming, and disruptive to operations. For these and other reasons, the Company may choose to settle product liability claims and other liability actions, regardless of their actual merit. If a product liability action or other liability action or injunction were finally determined against the Company, it could result in significant damages and reputational harm, including the possibility of punitive damages, and the financial position, results of operations and cash flows could be materially and adversely affected.

The Company places considerable emphasis on obtaining relevant intellectual property rights, which include patents, designs, trademarks, know-how, domains and copyrights for our assets ("IPR"). The laws of many jurisdictions, including emerging countries, may not adequately protect our IPR to the same extent as the laws of some countries within the EU and of the United States. If we cannot adequately secure protection of our IPR in these countries, our competitors may be able to compete more successfully against us, which could have a material adverse effect on our business, financial condition and results of operations, reputation or prospects.

There is a substantial amount of litigation over IPR in the industry in which the Company operates. Competitors continually review other Company' activities for possible conflicts with their IPR. In addition, non-practicing entities may review the Company's activities for conflicts with IPR they hold.
Determining whether a product infringes a third party’s IPR involves complex legal and factual issues, and the outcome of this type of litigation is often uncertain and inconsistent, particularly across various jurisdictions. Third parties may claim that the Company is infringing their IPR. Surge-On Medical may not be aware of infringing on IPR of others that relate to its products or technologies.

4.2.5 Compliance and Risk Management
The Company’s compliance and risk management systems may prove to be inadequate to prevent and discover breaches of laws and regulations and to identify, evaluate and take appropriate countermeasures against relevant risks.

4.2.6 Foreign Currencies
The Company is exposed to currency fluctuation when it has to convert currencies that it may receive for products into currencies required to repay our indebtedness, purchase materials, meet fixed costs or pay for services or supplies, which could result in a gain or loss depending on fluctuations in exchange rates.

4.2.7 Personnel, Key Person Risk
The ability to operate the business and implement the Company’s growth strategy depends, to a significant degree, on the continued contributions of the two Company founders. In addition, future growth and success also depend on the Company’s ability to attract, recruit, develop and retain qualified personnel.

In the event of a possible loss of the Company’s key personnel, there is a risk that expertise may no longer be available and that qualified business structure and risk management may no longer be fully guaranteed. The loss of such persons could have an adverse effect on the economic development of the Company.

4.2.8 Liquidity and Financing
The Company’s development depends on the ability to finance working capital requirements and generate funds for general corporate purposes, including research and development and capital expenditures. The Company cannot rule out that, following the Offering, it may decide or be required to obtain additional financing from banks, public offerings or private placements of debt or equity securities, strategic relationships or other arrangements.

4.2.9 Forecast risk
The forecasts regarding the costs of implementing the corporate strategy, the achievable earnings and other aspects may prove to be inaccurate.

5. Corporate social responsibility
The Company complies with regulations and good business practices in social, environmental, and economical aspects. The Company’s products are manufactured by European companies who follow the same regulations and good business practices. Moreover, the Company’s products are reusable and enable multiple different products from competitors, and this leads eventually to decreased environmental waste.

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Marked for identification purposes only.
6. Future
The Company is still in start-up phase and invested in developing innovative products in recent years. For the year 2018 this will continue, with an expected revenue increase out of contract research for third parties (due to the unique intellectual property position and the skilled knowledge workers the Company has) and starting the sales of the Steerable Punch from 2018.

As discussed in “Report on post-balance sheet date events” the Company keeps raising non-dilutive funding, which consists of grants and subordinated loans. Therefore, the working capital is expected to remain positive and the Company can meet its obligations in the coming year. Additionally, the company is in preparation of a European crowdfunding campaign. Provided that the campaign proceeds as expected, it can be assumed that the company will raise additional liquid funds.

The Company will keep expanding its intellectual property, product and market knowledge, and will attract an extra employee to support the management in these and other topics.

Since 2018 the company is developing a semi-detachable version of the Steerable Punch. The new design allows assembly and disassembly in one step, for easy manipulation at the sterilization department. This instrument is specially developed for western/developed hospitals that have adequate cleaning/washing machines with a flow connector that can be connected to the instrument tray.

In 2018 the company entered a partner agreement with Delft University of Technology referring to an international research grant that gives Surge-on Medical first right of refusal on a license of any new developed intellectual property during the period between years 2018 to 2025.

In 2018, a network of international distributors was established and mass production plan for the Steerable Punch has been completed.

In 2018 Surge-on Medical has acquired new funding and completed the METC approval of a Dutch hospital, which lead to the start of in-patient surgeries and completion of the CE approval.

7. Responsibility statement
The directors (CEO and CTO) of the Company assure that, to the best of their knowledge and belief, this management report includes fair view of the development and performance of the business and the position of the Company, together with a description of the opportunities and risks associated with the expected development of the Company.

Surge-on Medical B.V.
Delft, 16 February 2019

[Signatures]

Benno Groosman MScBA
(CEO)

Tim Horeman-Franse, PhD
(CTO)
15. Material contracts

The Target is a party to the following material contracts:

**STW government loan contract Take-off (2015)**

EUR 249,500.00 interest (5.17%) loan, to be paid back in six annual redemption instalments, starting January 2020. Later payment is possible if applied for. Early repayment is possible. Outstanding loan volume as of the date of the Prospectus: EUR 249,500.00. Termination of the contract is possible if the Target cannot meet the annual payments and no later payment is expected.

**Delft University of Technology Valorisatie Centre exclusive IP license (2015) (1)**

Exclusive patent license until expiration of the patent (year 2033). Average annual fixed costs per year are EUR 12,500.00 with a first payment of EUR 5,000.00 December 2018. Variable costs are a minor percentage over company’s product turnover based on this patent. Sub licensing by company possible. The Target has met all requirements of the agreement, now termination of the contract is possible in case Target fails to pay the licensing fees.

**Delft University of Technology Valorisatie Centre exclusive IP license (2015) (2)**

Exclusive patent license until expiration of the patent (year 2035). Average annual fixed costs per year are EUR 12,500.00 with a first payment of EUR 5,000.00 December 2018. Variable costs are a minor percentage over company’s product turnover based on this patent. Costs of Delft University of Technology exclusive IP license (1) shall be deducted from the costs of this contract. Sub licensing by company is possible. The Target has met all requirements of the agreement, now termination of the contract is possible in case Target fails to pay the licensing fees.

**MIT R&D grant contract (2017)**

This grant covers R&D activities for preparing the larger scale manufacturing of the Steerable Punch and Steerable Grasper, together with a research partner. This contract terminates after completion of the project, expected December 2019. The grant includes a financial contribution by the regional government to Surge-on Medical B.V. of EUR 70,525.00 in total and does not have to be repaid once the project is successfully completed.

**Rabobank subordinated loan contract (2018) (1)**

EUR 75,000.00 interest (7.5%) subordinated loan, to be paid back in full in 2025. Early repayment is possible. Outstanding loan volume as of the date of the Prospectus: EUR 75,000.00. Termination of the contract is possible in case the Target fails to meet the loan payments or does not disclose annual financial updates to the bank.

**Rabobank subordinated loan contract (2018) (2)**

EUR 75,000.00 interest (7.5%) subordinated loan, to be paid back in 20 quarterly terms from August 2020. Early repayment is possible. Outstanding loan volume as of the date of the Prospectus: EUR 75,000.00. Termination of the contract is possible in case the Target fails to meet the loan payments or does not disclose annual financial updates to the bank.

**Delft University of Technology research project (2018)**

In this contract, the Delft University of Technology and a limited number of partners are granted the right to use the Target’s IP for R&D in the project “High-quality medical devices making minimally invasive surgery applicable to low-resource settings”. In return the Target receives a first right of
refusal on any newly developed IP. The project ends in year 2022, first right of refusal stays valid. Termination of the contract is possible in case the Target fails to maintain its current patent position (for example, fails to pay for the patent taxes which lead to termination of the patent rights).

In addition, the Target is a party to the Investment Agreement and the Shareholders’ Agreement. Both agreements are described in section F.1 and are included as annex L.3 and L.4 to this Prospectus.

**EIT Health Headstart grant (2019)**

This grant partly covers manufacturing and certification costs of the Steerable Punch. This contract (signed June 13, 2019) terminates after completion of the project, expected March 2020. The grant includes a financial contribution by EIT Health to Surge-on Medical B.V. of EUR 50,000.00 and does not have to be repaid once the project is successfully completed. EIT Health can only terminate the contract in case the Target does not cooperate with optional financial audits or does not spend the grant as agreed on in the Target’s budget plan.

16. **Information on holdings**

There are no undertakings in which the Target holds a proportion of the capital.

17. **Litigation**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the target is aware) which may have, or have had since its incorporation, a significant effect on the financial position or profitability of the Target.

18. **Statement or report regarding the Target attributed to a person as an expert**

Where statements or reports attributed to a person as an expert included in the Prospectus, the experts’ name, business address, qualifications and material interest if any in the Target are disclosed.

19. **Additional information**

**Description of rights attached to the Target’s shares**

Currently there is only class of shares in the Target. All shares in the Target give equal rights (based on the respective share in the Target’s nominal issued capital), *inter alia*, to

- attending, speaking and voting at the Target’s General Meeting,
- pro-rata profit distribution,
- pro-rata distribution of liquidation proceeds,
- subscription of new shares.
The rights attached to the shares in the Target the Issuer will acquire will be identical to the rights attached to the existing shares. The Issuer will obtain certain additional shareholder rights based on the Shareholders’ Agreement as described in section F; however, these will be rights under law of obligations, not rights attached to the shares acquired by the Issuer under company law.

The General Meeting has the right to introduce different classes of shares in the Target in the future. In order to change the rights attached to shares already issued, the General Meeting may amend the Target’s articles of association. Any authorization of a new class of shares having rights senior to or on parity with common shares already issued is subject to the Issuer’s approval under the Shareholders’ Agreement.

**Information relating to changes of control of the Target and changes in the capital of the Target**

The Target's articles of association and the Shareholders’ Agreement that has been concluded between the Target’s existing shareholders and the Issuer contain provisions that could have an effect of delaying, deferring or preventing a change in control of the Target. The Target is a private limited liability company with currently only two shareholders. The General Meeting must authorize any issuance of new shares. Each shareholder has a subscription right to participate in any future increase of the Target’s share capital, and each shareholder has a right of first refusal in any transfer of shares.

In addition, under the Shareholders’ Agreement, any sale and/or transfer or other disposal of shares is subject to two-thirds (66⅔ %) majority of shareholder approval.

**Disclosure of share ownership**

The Target’s articles of association or other corporate documents do not contain any provisions governing the ownership threshold above which share ownership must be disclosed.
K. TAXATION

The following section is a description of certain aspects of the tax law situation regarding a) the taxation of the Issuer in Germany and b) taxes on the income from the Notes withheld at source under the tax laws of Austria, Denmark, Germany, the Netherlands, Sweden and the UK.

The following description of certain aspects of the Austrian, Danish, German, Dutch, Swedish and UK tax situation is not intended to provide exhaustive information that might be necessary for an individual purchase decision regarding the Notes offered. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those countries or elsewhere.

The Issuer points out that the specific tax consequences depend on the personal circumstances of the Noteholder and may be affected by future changes in tax legislation, case law and/or the instructions of the fiscal authority. The description is based on the Issuer's understanding of the fiscal law currently applicable in Austria, Denmark, Germany, the Netherlands, Sweden and the UK. These laws may change with retroactive effect as well. The specific tax treatment of the purchase, ownership or sale of the Notes is thus only governed by the tax laws applicable in the individual case at any time in the respective interpretation by the fiscal authority and the fiscal courts. It cannot be ruled out that the interpretation by a tax authority or a fiscal court is different from the explanations shown here.

Although the following explanations reflect the assessment by the Issuer, they may not be misinterpreted as tax advice or a guarantee. The Issuer makes no representations regarding the tax consequences of purchase, holding or disposal of the Notes. Tax advice cannot be replaced by these explanations and is therefore strongly recommended.

1. Taxation of the Issuer in Germany

The Issuer has the legal form of a limited partnership (GmbH & Co. KG). Therefore, for German tax purposes, the Issuer is generally regarded as a tax transparent entity and is not liable to (corporate) income tax. Liable to (corporate) income tax are, however, the partners of the Issuer. As the Issuer’s General Partner does not hold an interest in the Issuer and only receives a management remuneration, the income received by the Issuer is attributable only to the Issuer’s limited partner (the Trustee).

The activity of the Issuer consists of acquiring and managing shares in the Target. The activity as such, therefore, does not constitute a commercial activity. Furthermore, the limited partner is appointed to the management alongside the general partner. Therefore, the Issuer is per definition in Sec. 15 (3) no. 2 of the German Income Tax Act (Einkommensteuergesetz, “EStG”) not deemed a commercial partnership (keine gewerblich geprägte Personengesellschaft). The Issuer therefore does not generate trade income. Thus, the Issuer itself is not subject to trade tax (Gewerbesteuer). However, the Issuer is obliged to compensate its limited partner for the limited partner’s tax expenses.

The limited partner’s tax expenses generally depend on the shareholding quota of the Issuer in the Target. As the limited partner has the legal form of a German corporation (GmbH), the limited partner is liable to corporate income tax (Körperschaftsteuer) at a tax rate of 15.825 % (including solidarity surcharge (Solidaritätszuschlag)) and trade tax (Gewerbesteuer) at a tax rate of 16.8 % (trade tax rate applicable for Hannover). According to Sec. 8b (1) sentence 1 of the German Corporate Income Tax Act (Körperschaftsteuergesetz, “KStG”), dividends received by a German corporation holding (directly or indirectly) at least 10 % of the shares in a distributing (domestic or foreign) corporation are generally tax-exempt for corporate income tax purposes. However, 5 % of these dividends are considered expenses that may not be deducted as business expenses. Therefore, if the Issuer holds at least 10 %
of share capital of the Target, the income of the limited partner deriving from such profit distributions of the Target should be 95 % tax-exempt for corporate income tax purposes.

For trade tax purposes, however, a (95 %) tax-exemption for dividend income is only applicable if the (direct or indirect) shareholding quota of a dividend receiving corporation in the (domestic and foreign) dividend distributing corporation at the beginning of a fiscal year at least amounts to 15 %. Therefore, if the Issuer holds at least 15 % of the share capital of the Target at the beginning of a fiscal year in which a dividend distribution takes place, the income of the limited partner deriving from such a profit distributions of the Target should be 95 % tax-exempt for trade tax purposes assuming that the gross revenue of the Target will derive from “active” income within the meaning of Sec. 8 (1) no. 1 to no. 6 of the German Foreign Tax Act (Außensteuergesetz).

If the shares in the Target are sold, the capital gains (Veräußerungsgewinne) of the limited partner deriving thereof are, at the level of the limited partner, 95 % tax-exempt for corporate income and trade tax purposes. The minimum shareholding quotas (10 % or 15 %) as described above are not applicable with respect to capital gains.

Please note that dividend distributions of the Target might be subject to withholding tax in the Netherlands which might be (partly) deductible from the corporate income tax liability of the limited partner.

2. Taxes on the income from the Notes withheld at source under the tax laws of Austria

General

This section on taxation contains a brief summary of the Issuer's understanding with regard to certain important principles which are of significance in connection with the purchase, holding or sale of the Notes in Austria. This summary does not purport to exhaustively describe all possible tax aspects and does not deal with specific situations which may be of relevance for certain potential investors. The following comments are rather of a general nature and included herein solely for information purposes. They are not intended to be, nor should they be construed to be, legal or tax advice. This summary is based on the currently applicable tax legislation, case law and regulations of the tax authorities, as well as their respective interpretation, all of which may be amended from time to time. Such amendments may possibly also be effected with retroactive effect and may negatively impact on the tax consequences described.

The Issuer is not obliged to levy Austrian withholding tax in respect of payments on the Notes or of capital gains derived from the sale, redemption or other realization of the Notes. Therefore, the Issuer does not assume responsibility for the withholding of taxes at source. Investors should note, however, that under certain circumstances an Austrian Domestic Paying Agent (as defined below) will be obliged to levy withholding tax in respect of income from the Notes.

For the purposes of the following it is assumed that the Notes are legally and factually offered to an indefinite number of persons in the sense of sec. 27a(2)(2) of the Austrian Income Tax Act (Einkommensteuergesetz) and that the Notes qualify as debt for tax purposes (and neither as equity nor as partnership interests in the Issuer).

It is recommended that potential investors in the Notes consult with their legal and tax advisors as to the tax consequences of the purchase, holding or sale of the Notes. Tax risks resulting from the Notes (in particular from a potential qualification of the Notes as equity for tax purposes instead of debt or as partnership interests in the Issuer) shall in any case be borne by the Noteholder.
Tax residency

Individuals having a domicile (Wohnsitz) and/or their habitual abode (gewöhnlicher Aufenthalt), both as defined in sec. 26 of the Austrian Federal Fiscal Procedures Act (Bundesabgabenordnung), in Austria are subject to income tax (Einkommensteuer) in Austria on their worldwide income (unlimited income tax liability; unbeschränkte Einkommensteuerpflicht). Individuals having neither a domicile nor their habitual abode in Austria are subject to income tax only on income from certain Austrian sources (limited income tax liability; beschränkte Einkommensteuerpflicht).

Corporations having their place of management (Ort der Geschäftsleitung) and/or their legal seat (Sitz), both as defined in sec. 27 of the Austrian Federal Fiscal Procedures Act, in Austria are subject to corporate income tax (Körperschaftsteuer) in Austria on their worldwide income (unlimited corporate income tax liability; unbeschränkte Körperschaftsteuerpflicht). Corporations having neither their place of management nor their legal seat in Austria are subject to corporate income tax only on income from certain Austrian sources (limited corporate income tax liability; beschränkte Körperschaftsteuerpflicht).

Both in case of unlimited and limited (corporate) income tax liability Austria's right to tax may be restricted by double taxation treaties.

The following overview will only deal with individuals and corporations that are subject to unlimited (corporate) income tax liability in Austria.

Qualification of the Notes for Austrian (corporate) income tax purposes

Pursuant to sec. 8(3)(1) item 2 of the Austrian Corporate Income Tax Act (Körperschaftsteuergesetz), jouissance rights and other financial instruments (Genussrechte und sonstige Finanzierungsinstrumente) granting a right to participate in both the current profits and the liquidation profits of a taxpayer are to be qualified as equity instruments.

Pursuant to jurisprudence of the Austrian Supreme Administrative Court (Verwaltungsgerichtshof), in order that jouissance rights qualify as equity for (corporate) income tax purposes, it is indispensable that they grant a right to participate in both the current profits and the liquidation profits of a taxpayer. In order that jouissance rights are qualified as equity, the Austrian Supreme Administrative Court seems to demand the fulfillment of a further prerequisite which is not covered by the wording of the law, namely that typical equity-like criteria outweigh typical debt-like criteria from a quantitative and qualitative perspective. Criteria indicating the qualification of a jouissance right as equity are, inter alia, an unlimited term, the profit dependency of the remuneration, the participation in the enterprise value and the liquidation profit, the subordination vis-à-vis debtors of the issuer or the lack of collateral security. Criteria indicating the qualification of a jouissance right as debt are the pari passu ranking of holders of jouissance rights with other creditors of the issuer or the lack of rights of participation and control.

Pursuant to the Austrian Ministry of Finance (Bundesministerium für Finanzen) instruments qualify as equity-type jouissance rights and other financial instruments in the meaning of sec. 8(3)(1) item 2 of the Austrian Corporate Income Tax Act if they grant a right to participate in the current profits and the liquidation profits of a corporation. Both prerequisites mentioned in the statute must be fulfilled. In case no participation in the current profits, in the liquidation profits, or in both types of profits exists, an instrument qualifies as a debt-type jouissance right.

Not only corporations (which are tax subjects for corporate income tax purposes), but also partnerships (which are tax transparent), such as the Issuer at hand, can issue jouissance rights.
However, the tax implications of jouissance rights issued by partnerships are not entirely clear: On the one hand, sec. 8(3)(1) item 2 of the Austrian Corporate Income Tax Act is not directly applicable to jouissance rights issued by partnerships (as the Austrian Corporate Income Tax Act only applies to corporations). On the other hand, the Austrian Income Tax Act (Einkommensteuergesetz) does not contain specific provisions regarding jouissance rights issued by partnerships. There is no detailed case law or guidance by the Austrian tax authorities on the tax implications of jouissance rights issued by partnerships.

Pursuant to scholarly literature, in a first step it has to be determined whether the holder of jouissance rights qualifies as a co-entrepreneur (Mitunternehmer) of a co-entrepreneurship (Mitunternehmerschaft):

- Some scholars are of the opinion that a holder of jouissance rights can never qualify as a co-entrepreneur for lack of qualification as a partner of a partnership from a civil law perspective or for lack of entrepreneurial initiative. As a result, pursuant to this view jouissance rights issued by partnerships always qualify as debt-type jouissance rights.

- Contrary thereto, other scholars argue that holders of jouissance rights can per se qualify as co-entrepreneurs of a co-entrepreneurship. However, this necessitates that a co-entrepreneurship exists in a given scenario, which is not the case if a partnership merely manages its own assets (vermögensverwaltende Personengesellschaft), rather than carrying out an active trade or business. If one follows this view and there is no active trade or business, in a next step it has to be determined whether the jouissance rights qualify as equity-type or debt-type jouissance rights (in line with the principles set out in sec. 8(3)(1) item 2 of the Austrian Corporate Income Tax Act). In order to qualify as equity-type jouissance rights, the Notes at least have to grant their holders a right to participate in both the current profits and the liquidation profits of the issuer. A participation in the current profits exists if, for example, the holders of jouissance rights have a claim to a certain percentage of the issuer’s balance sheet profit. Pursuant to the Austrian Supreme Administrative Court, a participation in the liquidation profits of an issuer exists if the holder of jouissance rights, in addition to repayment of the invested amount, participates in the hidden reserves realized upon liquidation of the issuer. In the case at hand, the income from the Notes would qualify as equity-type income if the Notes granted a right to participate in both the current profits and the liquidation profits of the Issuer. While the Notes do grant a participation in the current profits of the Issuer, they do not seem to grant a participation in the liquidation profits of the Issuer, as the Noteholders do not participate in the hidden reserves realized upon liquidation of the Issuer (or comparably in case of an earlier termination of the Notes). In summary, the Notes would also pursuant to this view qualify as debt-type jouissance rights.

Based on this analysis, for purposes of the following, the Issuer assumes that the Notes qualify as debt-type jouissance rights for Austrian (corporate) income tax purposes (and consequently payments under the Notes qualify as interest). In case of a qualification of the Notes as equity-type instruments or as partnership interests in the Issuer, the tax consequences would differ substantially from those described below.

**Investment income**

Pursuant to sec. 27(1) of the Austrian Income Tax Act, the term investment income (Einkünfte aus Kapitalvermögen) inter alia comprises (i) income from the letting of capital (Einkünfte aus der
Überlassung von Kapital) pursuant to sec. 27(2) of the Austrian Income Tax Act, including dividends and interest; and (ii) income from realised increases in value (Einkünfte aus realisierten Wertsteigerungen) pursuant to sec. 27(3) of the Austrian Income Tax Act, including gains from the sale, redemption and other realisation of assets that lead to income from the letting of capital.

**Taxation of individuals holding the Notes as non-business assets**

Individuals subject to unlimited income tax liability in Austria holding the Notes as non-business assets are subject to income tax on all resulting investment income pursuant to sec. 27(1) of the Austrian Income Tax Act. Investment income from the Notes with an Austrian nexus (inländische Einkünfte aus Kapitalvermögen), basically meaning income paid by an Austrian paying agent (auszahlende Stelle) or an Austrian custodian agent (depotführende Stelle) (each of which being an "Austrian Domestic Paying Agent"), is subject to withholding tax (Kapitalertragsteuer) at a flat rate of 27.5 %; no additional income tax is levied over and above the amount of tax withheld (final taxation pursuant to sec. 97(1) of the Austrian Income Tax Act). Investment income from the Notes without an Austrian nexus must be included in the investor's income tax return and is subject to income tax at the flat rate of 27.5 %. In both cases upon application the option exists to tax all income subject to income tax at a flat rate pursuant to sec. 27a(1) of the Austrian Income Tax Act at the lower progressive income tax rate (option to regular taxation pursuant to sec. 27a(5) of the Austrian Income Tax Act).

**Taxation of individuals holding the Notes as business assets**

Individuals subject to unlimited income tax liability in Austria holding the Notes as business assets are subject to income tax on all resulting investment income pursuant to sec. 27(1) of the Austrian Income Tax Act. Investment income from the Notes with an Austrian nexus is subject to withholding tax at a flat rate of 27.5 %. While withholding tax has the effect of final taxation for income from the letting of capital, income from realised increases in value and income from derivatives must be included in the investor's income tax return (nevertheless income tax at the flat rate of 27.5 % applies). Investment income from the Notes without an Austrian nexus must always be included in the investor's income tax return and is subject to income tax at the flat rate of 27.5 %. In both cases upon application the option exists to tax all income subject to income tax at a flat rate pursuant to sec. 27a(1) of the Austrian Income Tax Act at the lower progressive income tax rate (option to regular taxation pursuant to sec. 27a(5) of the Austrian Income Tax Act). The flat tax rate does not apply to income from realised increases in value and income from derivatives if realizing these types of income constitutes a key area of the respective investor's business activity (sec. 27a(6) of the Austrian Income Tax Act).

**Taxation of corporations holding the Notes**

Pursuant to sec. 7(2) of the Austrian Corporate Income Tax Act, corporations subject to unlimited corporate income tax liability in Austria are subject to corporate income tax on income in the sense of sec. 27(1) of the Austrian Income Tax Act from the Notes at a rate of currently 25%. Income in the sense of sec. 27(1) of the Austrian Income Tax Act from the Notes with an Austrian nexus is generally subject to withholding tax at a flat rate of 27.5 %. However, pursuant to sec. 93(1a) of the Austrian Income Tax Act the withholding agent may apply a 25 % rate if the debtor of the withholding tax (i.e., the Noteholder) is a corporation. Such withholding tax can be credited against the corporate income tax liability. Under the conditions set forth in sec. 94(5) of the Austrian Income Tax Act withholding tax is not levied in the first place.

Special provisions apply to certain types of corporations, such as private foundations (Privatstiftungen) pursuant to the Austrian Private Foundations Act (Privatstiftungsgesetz).
3. Taxes on the income from the Notes withheld at source under the tax laws of Denmark

The Issuer is not obliged under Danish tax law to levy withholding tax in respect of payments on the Notes or of capital gains derived from the sale or redemption of the Notes. Therefore, the Issuer does not assume responsibility for the withholding of taxes at source.

Prospective Noteholders should consult their own professional advisors as to the particular tax consequences. Tax risks resulting from the Notes (in particular from a potential qualification as equity for tax purposes instead of debt) shall in any case be borne by the Noteholder.

No taxation at source

Under existing Danish tax laws no general withholding tax or coupon tax will apply to payments of interest or principal or other amounts due on the Notes.

Resident Noteholders

Private individuals, including persons who are engaged in financial trade, companies and similar enterprises resident in Denmark for tax purposes or receiving interest on the Notes through their permanent establishment in Denmark are liable to pay tax on such interest.

Capital gains are taxable to individuals and corporate entities in accordance with Consolidated Act No. 1283 of 25 October 2016 capital and exchange gains (in Danish "Kursgevinstloven"). Gains and losses on Notes held by corporate entities are generally taxed in accordance with a mark-to-market principle (in Danish "lagerprincippet"), i.e. on an unrealised basis.

Gains and losses on Notes issued to individuals are generally taxed on a realised basis. The net gains are taxed as capital income. The gain or loss will only be included in the taxable income when the net gain or loss for the year on all debt claims, debt denominated in foreign currency and investment certificates in bond-based investment funds subject to the minimum taxation exceeds a total of DKK 2,000.

Non-Resident Noteholders

Under existing Danish tax laws, payments of interest or principal amounts to any non-resident Noteholders are not subject to taxation in Denmark, other than in certain cases on payments in respect of controlled debt in relation to the Issuer (not applicable here). Thus in general no Danish withholding tax will be payable with respect to such payments and any capital gain realised upon the sale, exchange or retirement of a Note will not be subject to taxation in Denmark.

This tax treatment applies solely to Noteholders who are not subject to full tax liability in Denmark or included in a Danish joint taxation scheme and do not carry on business in Denmark through a permanent establishment.

4. Taxes on the income from the Notes withheld at source under the tax laws of Germany

The Issuer is, under German law, not required to deduct withholding tax from payments on the Notes or capital gains derived from the sale or redemption of the Notes. Therefore, the Issuer does not assume responsibility for the withholding of taxes at source.
Investors should note, however, that a German Domestic Paying Agent (as defined below) will be obliged to levy German withholding tax in respect of payments on the Notes.

**Tax Residents**

Persons (individuals and corporate entities) who are tax resident in Germany (in particular, persons whose residence, habitual abode, statutory seat or place of management is located in Germany) are subject to unlimited taxation (income tax or corporate income tax, in each case plus solidarity surcharge on the (corporate) income tax furthermore church tax and/or trade tax, if applicable). The unlimited tax liability applies to the worldwide income, regardless of its source, including interest on capital claims of any kind and, in general, capital gains. However, contrary provisions in German double taxation treaties may allocate a taxation right to another country.

**Taxation if the Notes are held as private assets**

Should the Notes be held as private assets by a domestic tax-resident individual investor, the interest paid on the Notes and capital gains from the sale or redemption of the Notes or the separate sale or redemption of interest claims should constitute capital income within the meaning of Sec. 20 (1) no. 7 EStG or Sec. 20 (2) no. 7 EStG.

In principle, this income is subject to a flat tax (“Abgeltungsteuer”) for capital investment income of 25 % (plus 5.5 % solidarity surcharge thereon) and, if applicable to the Noteholder, church tax (“Kirchensteuer”). The flat tax is generally collected by way of withholding and the tax withheld shall generally satisfy the Noteholder’s tax liability with respect to the Notes.

If the Notes are kept or administered in a domestic securities deposit account with a German credit institution (“Kreditinstitut”) or financial services institution (“Finanzdienstleistungsinstitut”) (or with a German branch of a foreign credit or financial services institution), or with a German securities trading company (“Wertpapierhandelsunternehmen”) or with a German securities trading bank (“Wertpapierhandelsbank”) (each a “German Domestic Paying Agent”) which pays or credits the income deriving from the Notes, a 25 % withholding tax, plus a 5.5 % solidarity surcharge thereon, resulting in a total withholding tax charge of 26.375 %, is levied on the interest payments (Sec. 43 (1) no. 2, Sec. 44 (1) s. 4 no. 3 EStG). The applicable withholding tax rate is in excess of the aforementioned rate if church tax is collected for the Noteholder by way of withholding, which is provided for as a standard procedure as of January 1, 2015 unless the Noteholder has filed a blocking notice (“Sperrvermerk”) with the German Federal Central Tax Office (“Bundeszentralamt für Steuern”).

Capital gains from the sale or redemption of Notes are also subject to the 25 % withholding tax, plus a 5.5 % solidarity surcharge thereon, if the Shares are kept or administered by a German Domestic Paying Agent effecting the sale or redemption from the time of their acquisition (Sec. 43 (1) no. 10 and Sec. 44 (1) no. 1 EStG).

If, however, no or not sufficient tax was withheld (e.g., in case there is no German Domestic Paying Agent as defined above), the Noteholder will have to include the income received with respect to the Notes in its annual income tax return (”Einkommensteuererklärung”). The flat tax will then be collected by way of tax assessment. The Noteholders may also opt for inclusion of capital income in its income tax return if the aggregated amount of tax withheld on capital income during the year exceeded the Noteholder’s aggregated flat tax liability on capital income (e.g., because of available losses carried forward or foreign tax credits). If the Noteholder’s individual income tax rate which is applicable on all taxable income including the capital income is lower than 25 % the Noteholder may opt to be taxed at individual progressive rates with respect to its capital income.
Individuals holding the Notes as private asset are entitled to a saver’s lump sum tax allowance ("Sparer-Pauschbetrag") for capital income in the amount of 801 Euro per year (1,602 Euro for jointly assessed married Noteholders). The saver’s lump sum tax allowance is considered for purposes of the withholding tax if the Noteholder has filed a withholding tax exemption request ("Freistellungsauftrag") with the respective German disbursing agent but only to the extent that the paid interest or the capital gain does not exceed the lump-sum amount as described above. Similarly no withholding tax will be levied, if the relevant Noteholder has submitted a non-assessment certificate issued by the relevant local tax office. The deduction of related expenses for tax purposes is not permitted.

Capital losses from the sale and redemption of Notes held as private assets should generally be tax-recognised irrespective of the holding period of the Notes. However, in cases where the sales price does not exceed the transaction costs or no (or only de minimis) payments are made to the Noteholder, any capital losses might not be recognised by the German tax authorities. Any recognised capital losses may not be used to offset other income like employment or business income but may only be offset against capital income. Capital losses not utilised in one annual assessment period may be carried forward into future assessment periods but may not be carried back into preceding assessment periods.

**Taxation if the Notes are held as business assets**

For German tax resident corporations and domestic commercial Noteholders holding the Notes as business assets, interest payments, capital gains and redemption proceeds will be subject to (corporate) income tax and, if applicable, trade tax. Business expenses related to the Notes generally are deductible.

**Non-residents**

Persons and entities who are not tax resident in Germany are subject to limited tax liability in Germany (Sec. 1 (4) EStG) with income deriving from the Notes (Sec. 49 (1) no. 5 lit. c) bb) EStG) which is generally settled by way of a tax withholding (Sec. 43 (5) sentence 1 EStG, Sec. 50 (2) sentence 1 EStG). In addition, special rules may apply in cases within the meaning of Sec. 50 (2) sentence 2 EStG or if a double taxation agreement or other international tax treaty is applicable. Even if the Notes are held as business assets, special rules may apply. Therefore, in such cases it is strongly recommended to seek professional tax advice before investing into Notes.

**Divergent opinion of the tax authorities**

In view of the fact that the concept of the Notes was not to subject of a binding ruling (Verbindliche Auskunft) or a tax audit (Betriebsprüfung) so far, it cannot be ruled out that the tax authorities take a different tax view than outlined above. Especially, it cannot be ruled out that the tax authorities might be of the opinion that the Noteholders qualify as partners of the Issuer and that income deriving from the Target (dividends or capital gains) is directly allocable to the Noteholders. However, the tax consequences outlined above should generally apply mutatis mutandis in such case whereby (i) the Issuer will not be obliged to withhold any withholding tax and (ii) if the Notes are held as business assets, certain tax-exemptions might be applicable. Tax risks resulting from the Notes shall in any case be borne by the Noteholder.

5. Taxes on the income from the Notes withheld at source under the tax laws of the Netherlands

The Issuer is not obliged under Dutch tax law to levy withholding tax in respect of payments on the Notes or of capital gains derived from the sale or redemption of the Notes. Therefore, the Issuer does not assume responsibility for the withholding of taxes at source.
All payments made by the Issuer under the Bonds may be made free of withholding or deduction for any taxes of whatsoever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein, unless the conditions of the Notes are such that they effectively function as equity for purposes of article 10, paragraph 1, sub d of the Corporate Tax Act (Wet op de vennootschapsbelasting 1969).

It is recommended that potential investors in the Notes consult with their legal and tax advisors as to the tax consequences of the purchase, holding or sale of the Notes. Tax risks resulting from the Notes (in particular from a potential qualification as equity for tax purposes instead of debt) shall in any case be borne by the Noteholder.

6. Taxes on the income from the Notes withheld at source under the tax laws of Sweden

The Issuer is not obliged under Swedish tax law to levy withholding tax in respect of payments on the Notes or of capital gains derived from the sale or redemption of the Notes. Therefore, the Issuer does not assume responsibility for the withholding of taxes at source.

Generally, for Swedish corporations and private individuals (and estates of deceased individuals) with residence in Sweden for Swedish tax purposes, all capital income (e.g. income that is considered to be interest for Swedish tax purposes and capital gains on Notes) will be taxable and the respective Noteholder will be liable to declare all income to the competent tax authorities. If amounts that are considered to be interest in respect of the Notes are paid to a private individual (or an estate of a deceased person) that is a tax resident in Sweden by a legal entity domiciled in Sweden, Swedish preliminary tax (preliminärskat) may be withheld on such payments by the legal entity that is making such payments, however there is no obligation for a legal entity domiciled abroad, e.g. in Germany, to withhold any preliminary tax on such payments to Swedish residents.

An individual is tax resident in Sweden if the individual (a) is domiciled in Sweden, (b) has a habitual abode in Sweden (i.e., continuously stays in Sweden for more than six months), or (c) has been domiciled in Sweden and maintains essential ties with Sweden after having moved abroad (e.g., has a family or a house in Sweden or is engaged in trade or business in Sweden). Corporations are generally considered resident in Sweden only if they are incorporated in Sweden under Swedish corporate law.

Prospective purchasers are urged to consult their professional tax advisers regarding the Swedish tax and other tax consequences (including the applicability and effect of double taxation treaties) of holding or transferring Notes. Tax risks resulting from the Notes (in particular from a potential qualification as equity for tax purposes instead of debt) shall in any case be borne by the Noteholder.

7. Taxes on the income from the Notes withheld at source under the tax laws of the UK

The Issuer is not obliged under UK tax law to levy withholding tax in respect of payments on the Notes or on capital gains derived from the sale or redemption of the Notes. Therefore, the Issuer does not assume responsibility for the withholding of taxes at source.

All payments made by the Issuer under the Notes may be made free of withholding or deduction for any taxes of whatsoever nature imposed, levied, or assessed by the United Kingdom.

Noteholders who are resident for tax purposes in the UK or who carry on a trade, profession or vocation in the UK through a permanent establishment, branch or agency to which the Notes are attributable will generally be liable to UK tax on the amount of any income received in respect of the
Notes. The disposal (including a redemption) of a Note by a Noteholder who is resident for tax purposes in the UK or who carries on a trade, profession or vocation in the UK through a permanent establishment, branch or agency to which the Note is attributable may give rise to a chargeable gain or an allowable loss for the purposes of UK tax on chargeable gains.

It is recommended that potential investors in the Notes consult with their legal and tax advisors as to the tax consequences of the purchase, holding or sale of the Notes.

8. U.S. Foreign Account Tax Compliance Act Withholding ("FATCA")

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a “foreign financial institution” may be required to withhold on certain payments it makes ("foreign passthru payments") to persons that fail to meet certain certification, reporting, or related requirements. A number of jurisdictions (including Austria, Denmark, Germany, the Netherlands, Sweden and the United Kingdom) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("IGAs"), which modify the way in which FATCA applies in their jurisdictions. The Issuer or a relevant intermediary may be required to impose FATCA withholding on payments in respect of Notes to the extent that such payments are “foreign passthru payments”. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change.

Noteholders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, the Issuer will not pay any additional amounts as a result of the withholding.
L. ANNEXES

1. Articles of association of the Issuer

§ 1

1. Die Gesellschaft führt die Firma

Endoscopy Innovations Invest GmbH & Co. KG

2. Sitz der Gesellschaft ist Hannover.

§ 2

Gegenstand des Unternehmens


2. Die Gesellschaft ist berechtigt, alle Geschäfte zu betreiben, die geeignet sind, den Gesellschaftszweck zu fördern.
§ 3
Gesellschafter, Kapitalanteile, Einlagen, Haftsummen


Kommanditist ist die

G4B Hannover Beteiligungsverwaltung GmbH, (AG Hannover HRB .......) mit einem Kapitalanteil von 100,00 EUR.

Der Kapitalanteil von insgesamt 100,00 EUR bildet das Festkapital der Gesellschaft im Sinne dieses Vertrages.

2. Die Kommanditistin erbringt ihren Kapitalanteil durch Einlage in bar.

3. Die in das Handelsregister einzutragende Haftsumme beträgt 100,00 EUR.

§ 4
Gesellschafterkonten

1. Für jeden Gesellschafter werden ein Kapitalkonto, ein Verlustvortragskonto und ein Darlehenskonto geführt.

2. Das Kapitalkonto ist nicht zu verzinsen.


§ 5
Geschäftsführung, Vertretung, Kontrollrechte

1. Zur Geschäftsführung sind die Komplementärin und die Kommanditistin (G4B Hannover Beteiligungsverwaltung GmbH) jeweils einzeln berechtigt und verpflichtet.


3. Kommanditisten steht ein Auskunfts- und Einsichtsrecht im Umfang des § 51a Abs. 1 und 2 GmbHG zu.

§ 6
Vergütung der Komplementärin


§ 7
Gesellschafterbeschlüsse


a) Genehmigung des von der Geschäftsführung im Entwurf vorgelegten Jahresabschlusses;

b) Entlastung der Geschäftsführung;

c) Wahl und Bestellung der Person, die ggf. den Jahresabschluss prüft.

2. Eine außerordentliche Gesellschafterversammlung findet statt, wenn das Wohl und Interesse der Gesellschaft es erforderlich erscheinen lassen.


§ 8
Geschäftsjahr, Jahresabschluss


§ 9
Ergebnisverteilung

1. An einem Gewinn sowie an einem Verlust nehmen die Gesellschafter im Verhältnis ihrer Kapitalanteile teil. Die gesetzlichen Vorschriften über die Haftungsbeschränkung der Kommanditisten bleiben unberührt.

2. Die Gewinnanteile sind den Darlehenskonten der Gesellschafter gutzuschreiben, so weit sich aus den folgenden Bestimmungen nichts anderes ergibt.

§ 10
Entnahmen

1. Die Kommanditisten können die Auszahlung von Guthaben auf ihren Darlehenskonten ohne Kündigung verlangen.

2. Die Entnahme von Guthaben auf einem Darlehenskonto des Kommanditisten ist unzulässig, wenn die Summe aller Konten des Kommanditisten (Kapital-, Darlehens- und Verlustvortragskonto) negativ ist (steuerlich negatives Kapitalkonto) und sich dieses negative Kapitalkonto durch die Entnahme erhöht oder ein solches negatives Kapitalkonto durch die Entnahme entsteht.

§ 11
Dauer der Gesellschaft

Die Gesellschaft ist für unbestimmte Zeit eingegangen.

§ 12
Salvatorische Klausel

Sollten einzelne Bestimmungen dieses Vertrages ganz oder teilweise unwirksam sein oder werden, oder sollte sich in dem Vertrag eine Lücke befinden, so soll hierdurch die Gültigkeit der übrigen Bestimmungen nicht berührt werden. Anstelle der unwirksamen Bestimmung oder der Ausfüllung der Lücke soll eine angemessene Regelung treten, die, soweit rechtlich möglich, dem am Nächsten kommt, was die Gesellschafter gewollt haben oder nach dem Sinn und Zweck dieses Vertrages gewollten haben würden, wenn sie den Punkt bedacht hätten.
Hannover, den 26.11.2018

[Signature]

Thomas Striepe
für die G4B Hannover Invest Management GmbH & Co. (Komplementärin)

Hannover, den 23.11.2018

[Signature]

Thomas Striepe (Geschäftsführer)
für die G4B Hannover Beteiligungsverwaltung GmbH & Co. (Kommanditistin)
Die Übereinstimmung vorstehender Fotokopie mit der mir heute vorgelegten Urschrift beglaubige ich.

Hannover, den 23.11.2018

Dr. Haupt
Notär
2. Articles of association of the Target

ARTICLES OF ASSOCIATION:

Definitions.
Article 1.

The articles of association shall mean:

a. share: a share of the company's capital; rights that are not entitled to vote or to benefits of profits or reserves shall not be regarded as a share;
b. shareholder: a holder of one (1) or more shares;
c. general meeting: the company body formed by the person or persons to whom shareholder or otherwise the voting rights to shares, or a meeting of persons (or their representatives) with meeting rights;
d. director: a director of the company;
e. board: the board of company;
f. register: the register of the company;
g. company: the company of which the internal organisation is governed by these articles;
h. members of the meeting: shareholders and persons granted meeting rights in accordance with these articles of association; and
i. meeting rights: the right to attend general meetings and to speak.

References to articles are references to articles of these articles of association unless explicitly stated otherwise.

Unless inferred otherwise from the context, words and phrases in these articles, if not otherwise defined, have the same meaning as in the Civil code.

Name and seat.
Article 2.

1. The company bears the name: Surge-On Medical B.V.
2. The Company has its seat in Delft.

Purpose.
Article 3.

The purpose of the company is:
a. the development and marketing of medical instrumentation and other products;
b. exploitation and marketing of patents, trademark rights, licences, know-how, copyrights, databases and other intellectual property rights;
c. establishing, participating in, controlling and cooperating with legal entities, companies and companies in any way;
d. providing advice and the provision of services to legal persons, companies and corporations with which the company is affiliated in a group and to third parties;
e. the financing of legal persons, companies and corporations;
f. borrowing, lending and gathering shall include issuing bonds, debt securities or other securities, and the entering into related agreements;
g. the provision of warranties, connecting the company and the objections of assets of the company for the benefit of legal entities, companies and corporations with which the company is affiliated in a group and for the benefit of third parties;

h. obtaining, managing, objecting, exploiting and alienating registered property and power values in general;

i. trading of currencies, securities and power values in general;

j. performing all types of industrial, financial and commercial activities,

And, furthermore, all or may be linked or conducive to this, all in the broadest sense of the word.

Capital, shares and shareholding.

Article 4.

1. The capital of the company consists of one (1) or more ordinary shares, each share with a nominal value of one euro (EUR 1.00).

2. All shares are numbered continuously from 1.

3. All shares are denominated in name. Share certificates are not issued.

4. If shares or rights to shares belong to a community, other than a special community referred to in Article 189 (1) of Book 3 of the Civil Code, the participants may only represent themselves in relation to the company by one (1) person, authorized to do so in writing by them all.

Register

Article 5.

1. The board shall keep a register containing the names and addresses of all the shareholders, listing the date on which they obtained the shares, the date of acknowledgement or service, and specifying the amount paid on each share.

2. The register shall contain the names and addresses of those who have a right of lien or usufruct on shares, specifying the date on which they obtained the right, the date of acknowledgement or service, and listing the rights attached to the shares. The register shall contain the names and addresses of holders of certificates of shares to which the meeting right is attached, specifying the date on which the meeting right was attached to their certificate and the date of recognition or service.

3. All shareholders and others whose data is included in the register in accordance with paragraph 2 are obliged to provide the board with the required data timely.

4. The register is kept regularly. All entries and notes in the register are signed by a director.

5. On request, the board shall provide a shareholder, a usufructuary, a pledgeholder and a holder of a certificate of a share with a meeting right, an extract from the register relating to his right to a share or certificate of a share for free.

6. The board shall submit the register at the office of the company for inspection for the shareholders as well as the usufructaries, pledgeholders and holders of certificates of shares with a meeting right.
Issue of shares and preferential rights.
Article 6.

1. The issuance of shares may only be due to a decision of the general meeting, in so far as this competence isn’t transferred by the general meeting to another body within the company. The general meeting can revoke this transfer. When deciding to issue shares the price and the further conditions of issuance are determined. The price cannot be below par.

2. Each shareholder, with the exception of the company if it holds shares in its own capital, has preferential rights proportionate to the aggregate amount of shares when issuing, subject to the legal restrictions in this respect and the provisions of paragraph 4.

3. The provisions of paragraph 2 shall correspondingly apply to the granting of rights and to the taking of shares, but does not apply to the issuing of shares to someone who exercises a right previously acquired to the taking of shares.

4. The preferential right may be limited, each time for one (1) single issue, or excluded by the issuing body.

5. For the issuance of a share is executed before a civil law notary officiating in the Netherlands, and to which those involved are party.

Payment to shares.
Article 7.

1. When taking a share, the nominal amount must be deposited accordingly. It may be stipulated that the nominal amount or a part thereof must first be deposited after the expiry of a certain time or after the company has requested it.

2. Payments on shares must be made in cash in so far as no other consideration has been agreed.

3. Payment in currency other than the par value is subject to the company's consent.

4. The board is empowered to enter into legal acts relating to contributions to shares other than money and other legal acts referred to in article 2:204 of the Civil code, without prior approval of the general meeting.

Own shares.
Article 8.

1. The company cannot take own shares when issuing shares.

2. The board shall decide, taking into account the statutory provisions applicable to the acquisition of shares in the company's capital. Acquisition by the company of shares in its capital not paid up in full shall be null and void.

3. The company may only obtain its own shares to the extent that with this acquisition at least one (1) share is held by a company other than the company or a subsidiary company of the corporation.

4. Acquisition and alienation of own shares by the company shall be subject to the provisions of article 13.

5. No vote may be cast in a general meeting in respect of any share which is held by the company.

6. Under the notion of shares in this article, certificates are included.

Capital Reduction.
Article 9.

1. The general meeting may resolve to reduce the issued capital by cancelling shares or by reducing the nominal value of the shares by amendment of the Articles of Association. The
resolution concerned must specify the shares to which the resolution pertains and the manner of execution.

2. With a decision to reduce the issued capital with reimbursement of shares is paragraph 2 of article 21 of corresponding application. Reimbursement or release from the obligation to pay within the meaning of this article shall be permitted only where equity capital is greater than the reserves to be held under the law or the statutes.

3. Capital reduction can only take place to the extent that after the reduction least one (1) share is held by a company other than the company or a subsidiary company and is also subject to the provisions of the law.

Usufruct. Lien.
Article 10.

1. The right of usufruct can be established on a share.

2. The shareholder has the right to vote on the shares on which a right of usufruct is established.

3. Notwithstanding the preceding paragraph, the voting rights to the usufructuary, if this is determined at the establishment of the right of usufruct or has subsequently been agreed in writing between the shareholder and the usufructuary and the transition of the voting rights has been approved by the general Meeting. The approval by the general meeting is not required if the usufructuary is a person to whom shares can be freely transferred.

4. The usufructuary who has the right to vote and the shareholder who does not have the right to vote, have meeting rights. The usufructuary who does not have the right to vote has no meeting rights.

5. Lien can be established on a share.

6. The shareholder has the right to vote on the pledged shares.

7. Notwithstanding the preceding article, the right to vote accrues to the holder of a right of lien if, whether or not under suspensive condition, unless at the creation of the pledge is determined or subsequently in writing between shareholder and the holder of a lien and the transition of the voting right has been approved by the general meeting.

8. The holder of a lien who has the right to vote and the shareholder who does not have the right to vote, do not have meeting rights. The holder of a right of lien without voting rights, does not have meeting rights.

Certificates of shares.
Article 11.

The holders of certificates of shares will be entitled to meeting rights.

Transfer of shares and limited rights.
Article 12.

1. The transfer of a share or the transfer or establishment of a limited right of that is required For the provision of a share or establishment, executed before a civil law notary officiating in the Netherlands.

2. When the company itself is party to such legal act, the rights attached to the share can only be executed after the company has recognised the legal act or the deed has been served to the company in accordance with the provisions of the law, or has recognised its own movement by registering in the register in accordance with the stipulated in the law.
Transfer restrictions

Article 13.

1. Any transfer of shares may take place only after the shares have been offered to the co-shareholders as provided for in this article.

2. However, no offer of shares has to take place if the transfer is made with the written consent of the co-shareholders, within three (3) months after they have all given their written consent.

3. The shareholder who wants to transfer one (1) or more shares (in this article also indicate as: "the provider"), shall notify the board, stating the number of shares to be transferred and the person or persons to whom he wishes to transfer. This notice is an offer to the co-shareholders to sell the shares at a price which will be determined in accordance with paragraph 5.

4. The Board shall notify the offer within two (2) weeks after it has been received to the co-shareholders.

5. The purchase price will, unless the provider and the co-shareholders agree otherwise, be determined by one (1) or more independent experts, who are appointed by the provider and the co-shareholders in joint consultations. If they do not reach agreement within two (2) weeks after the notification of the administration referred to in paragraph 4, the purchase price shall be determined by appointing three (3) independent experts at the request of the party raising the issue, by the chairman, or his deputy, of the Dutch professional association of accountants.

6. The experts referred to in the preceding paragraph shall be entitled to inspect all books and documents of the company and to obtain all information which is appropriate for their price fixing.

7. The board shall inform all shareholders within two (2) weeks after the experts have fixed the price.

8. The co-shareholders wishing to purchase the shares offered shall notify the board within two (2) weeks after the price has been determined by mutual agreement or, if the price has been determined by experts, within two (2) weeks after the administration has communicated this in accordance with paragraph 7. The company itself may only be candidates for the shares offered with the agreement of the supplier.

9. The board assigns the shares offered to the candidates and gives notice to all shareholders. If and to the extent that no allocation has taken place, the board shall also notify all shareholders.

10. Where two (2) or more co-shareholders are candidates for more shares than offered, the allocation by the board shall be proportionate to the shares held by the candidates. No one can get more shares than he has reflected. Is a co-shareholder candidate for less shares than proportionally accrued, the shares thus released shall be allocated to the other candidates proportionality. As far as allocation to that measure is not possible, drawing will decide.

11. The provider has the right to withdraw its entire offer by notifying the board until one month after the notification referred to in paragraph 9 has elapsed.

12. The purchased shares are delivered at the simultaneous payment of the purchase price within one (1) month after the expiration of the period during which the offer can be withdrawn.

13. If the provider has not withdrawn his offer, he may, within three (3) months after it is established that the offer has not been used or fully used, freely transfer the shares offered.

14. The costs of appointing of the experts referred to in paragraph 5 and their fees shall be borne by:
   a. the supplier if he withdraws his offer;
   b. the supplier for half and the buyers for the other half if the shares are purchased by co-shareholders, understanding that each buyer contributes to the costs in proportion to the number of shares bought by them;
   c. The company if the offer has not been used or used fully.
15. All notices and announcements mentioned above shall be made by registered letter or acknowledgement of receipt.

16. The foregoing provisions shall apply correspondingly to the right to take shares.

17. The provisions of this article shall not apply if the shareholder is obliged by the law to transfer his shares to a previous shareholder.

**Board.**  
**Article 14.**

1. The board consists of one (1) or more director(s). Both natural persons as well as legal entities can be director.

2. The number of directors shall be determined by the general meeting.

**Appointing. Suspension and resignation. Absence or inability. Remuneration.**  
**Article 15.**

1. The directors are appointed by the general meeting.

2. Any director may be suspended and dismissed at any time by the general meeting.

3. In the event of absence or inability of a director, the other directors or the other director shall be temporarily charged with the management of the company. In the event of the absence or inability of all directors or of the sole director, the person designated by the general meeting is temporarily charged with the management of the company.

4. The titles, the remuneration and the further working conditions of each director shall be determined by the general meeting.

**Management duty. Decision-making.**  
**Article 16.**

1. The board is responsible for managing the company. In carrying out their duties, the directors are in the interests of the company and its affiliated company.

2. Unless otherwise provided under paragraph 5, each director has one (1) vote and all decisions of the board shall be taken with absolute majority of the votes cast.

3. A director may represent himself in a written proxy at the meeting. The requirement of written authorisation is met if the proxy is recorded electronically.

4. Decisions of the board may, instead of in a meeting, be taken in writing or electronically in a reproducible manner, provided that the relevant proposal has been submitted to all the directors in office and none of them oppose this decision-making process.

5. The board may lay down detailed rules on the decision-making and working methods of the board. In this context, the board may, inter alia, determine the task with which each director will be entrusted more specifically.

6. A director shall not participate in the deliberation and decision-making process if he has a direct or indirect personal interest which is contrary to the interest referred to in paragraph 1. Where no board decision can be taken and the concerning director(s) is/are also any shareholder(s), the relevant director(s) may nevertheless take the decision. If, based on the foregoing provisions of this article, a board decision can’t be made, the decision will be made by the general meeting.
Representation.
Article 17.

1. The board is authorised to represent the company. If the board consists of several directors, the power of representation accrues each director separately.
2. The board may set up officials with general or limited representation powers. Each of them represents the company in accordance with the limits laid down by that authority. Their titles are determined by the board.
3. Legal acts of the company towards the holder of all shares in the capital of the company, where the company is represented by this shareholder, shall be recorded in writing. For the purposes of the preceding sentence, shares held by the company or its subsidiaries are not included.
4. Paragraph 3 does not apply to legal acts governed by the provisions of Ordinary activities of the company.

Approval of decisions of the board.
Article 18.

1. The general meeting has the power to approve decisions of the board. These decisions should be clearly defined and communicated to the board in writing.
2. The absence of an approval as provided for in this article does not affect the powers of representation of the board or the directors.

Financial year. Annual account.
Article 19.

1. The financial year of the company is be equal to the calendar year.
2. Annually within five (5) months after the end of the financial year, subject to the extension of this period with a maximum of six (6) months by the general meeting on the basis of special circumstances, the board compiles a financial statement and submits it to the shareholders for inspection at the premises of the company. Within this period, the board shall also inspect the annual report, unless the company is exempted under the law to draw up an annual report.
3. The annual accounts are signed by the directors; a not is made with reasons given if any signature of one (1) or more of them is missing.
4. The company shall assign an authorized auditor to audit the financial statements, unless it is exempted from this by virtue of the law. The general meeting is authorized to issue such instruction.
5. The order for investigation may be withdrawn for justified reasons by the general meeting and by the person who granted it.
6. The auditor who has examined the annual accounts shall submit a report to the board.
7. The company shall ensure that the annual accounts, the annual report and the data to be added pursuant to article 392 (1) of Book 2 of the Civil Code are intended to be appended from the call for the general meeting to their treatment, be present at their premises. The shareholders and the other members of the meeting can inspect the documents there and obtain a copy free of charge.
8. If the company is exempted from the obligation referred to in paragraph 4, the general meeting may decide that the annual accounts will still be examined, or that a different form of assessment of the financial statements and accounting will take place.
Adoption of annual accounts. Discharge. Disclosure.
Article 20.
1. The general meeting shall adopt the annual accounts. The annual report shall be adopted by the board.
2. The adoption of the financial statements does not give discharge to a director. The general meeting may, by separate decision, grant discharge to a director for the policy pursued in the financial year in question, to the extent that that policy is evidenced by the annual accounts or otherwise published to the general meeting.
3. If all shareholders are also directors, ratification of the annual accounts by all directors does not count as a setting of the financial statements.
4. Unless a statutory exemption applies, the company is obliged to publish its annual accounts within eight (8) days following the setting.

Profits and benefits.
Article 21.
1. The general meeting has the power to use the profit which has been determined by the adoption of the financial statements or the determination of the manner in which a deficit will be processed and fixing of interim benefits from the profits or benefits from the reserves, in so far as equity capital is greater than the reserves to be held under the law or the statutes.
2. A decision that extends to benefits has no effects as long as the board has not given its approval. The board only refuses the approval if it knows or reasonably foresees that the company will not be able to continue to pay after the benefit its due debts.
3. In calculating each benefit, the shares that the company holds in its capital do not count. In calculating the amount, which will be paid to each share, only the amount of the compulsory deposits at the nominal amount of the shares are eligible. With consent of all shareholders the provisions of the second sentence of this paragraph may differ.
4. Subject to the provisions of paragraph 2, the benefits are immediately claimable, unless the general meeting establishes another moment.
5. A shareholders claim to a benefit on shares lapses five (5) years after it becomes due.

General Meeting.
Article 22.
1. At least one (1) general meeting shall be held during each financial year of the company or shall be decided at least once in accordance with article 25. The agenda of the annual general meeting contains the following topics in any event:
   a. the adoption of the annual accounts;
   b. the determination of the profit appropriation;
   c. the granting of discharge to directors for their management over the preceding financial year; and
   d. if the company is obliged is to produce an annual report, the treatment of the annual report. Unless the time limit for drawing up the annual accounts and, if an annual report is required, the deadline for submitting the annual report has been extended or a proposal has been placed on this agenda.
2. Other general meetings are held as often as the board deems necessary. The board is competent to convene a general meeting. The board is compulsory to convene a general meeting when one (1) or more of those who derive a right to attend the meeting who solely or jointly own at least one hundredth (1/100th) of the issued capital shall represent in writing and
under precise indication of the subjects to be treated, the request to the board to convene a general meeting, unless an overriding interest of the company opposes it.

3. A subject, of which treatment has been requested in writing by one or more persons who own solely or jointly at least one hundredth of the (1/100th) of the issued capital, shall be integrated in the convocation or announced in the same manner if the company's request no later than on the thirtieth (30th) day before that of the meeting and provided that no overriding interest of the company opposes it. The requirement of written request as referred to in this paragraph shall be fulfilled if the request is recorded electronically.

4. The convocation to a general meeting shall be made by means of convocation letters addressed to the persons entitled to the meeting, as they are listed in the register referred to in article 5.

5. After obtaining the consent of a person entitled to meetings, the convocation may also be made by a legible and reproducible electronic message addressed to the address published for this purpose by the company.

6. The convocation mentions the subjects to be discussed. Participation in and voting in a general meeting is possible by using an electronic means of communication if this is mentioned in the convocation.

7. The convocation shall take place no later than the eighth (8th) day before the day of the meeting.

8. The general meetings are held in the municipality where the company has its registered office under these statutes.

9. The general meeting provides for itself in its presidency. Until that time, the chair is perceived by a director or, failing that, the eldest person present at the meeting. The minutes of the general meeting shall be held by a minute-taker appointed by the president.

10. The directors have an advisory vote as such in the general meeting.

General meeting. Deviation agenda, term, place.
Article 23.

1. Provided that all the persons entitled to attend the meeting have agreed that decision-making takes place, on all subjects and with the place of the meeting, and the directors have been given the opportunity to express their opinions before the decision-making process, legal decisions may be taken and/or the general meeting may be held elsewhere, regardless of whether the notice period was shorter or the convocation did not take place, with regard to subjects whose treatment was not announced in the convocation and regardless of whether the general meeting was held on the spot in article 22 paragraph 8.

2. The board takes note of the decisions taken. If the board is not represented at the meeting, a copy of the decisions taken shall be made by or on behalf of the president of the meeting as soon as possible after the meeting and should be given to the board. The notes are located at the premises of the company for inspection by those who have the right attend meetings. To each of them if requested, a copy or excerpt of these notes, be provided at a maximum cost price.

Decision-making.
Article 24.

1. Each person entitled to attend meetings is entitled to personally or in writing proxy attend the general meeting and to speak. Each person with voting rights is entitled, in person or in writing proxy, to exercise the right to vote in the general meeting. The requirement of written proxy is met if the proxy is recorded electronically.
2. Each person with the right to attend the meeting is competent to take the floor, in person or in a written proxy, by means of an electronic means of communication to the general meeting, to speak and, in respect of the people authorized to attend meetings and to vote, exercise the right to vote, unless one (1) or more of these rights is not provided for in accordance with the provisions of these articles of association. The requirement of written proxy is met if the proxy is recorded electronically.

3. For the purposes of paragraph 2, it is necessary for the person entitled to attend meetings to be identified by means of the electronic means of communication, to be able to take direct note of the discourses at the meeting, may take part in the deliberation and in respect of the voting entitled, the right to vote.

4. The board may lay down further conditions for the use of the electronic means of communication referred to in this article, which conditions should be made known with the convocation.

5. Each share entitles to the release of one (1) vote.

6. To the extent that the law or these articles of association do not require a larger majority, all decisions shall be taken by an absolute majority of votes.

7. If the votes are tied, the proposal is rejected.

Decision-making outside of the meeting.
Article 25.

1. Decision-making of those with a right to attend meetings and to vote can be done in a manner other than in a meeting, provided that all have agreed with this method of decision-making. This method of decision-making may take place by electronic means.

2. The votes are delivered in writing. The requirement of written votes is also accomplished when the decision, stating the manner in which each of the shareholders agrees, is recorded in writing or electronically. The votes can also be cast by electronic means.

3. The directors will be given the opportunity to express their opinions on the proposal prior to making the decision.

4. Those who have taken a decision outside the meeting shall immediately notify the board of the decision taken.

Amendment of the articles of association.
Article 26.

1. The general meeting is authorised to amend these articles of association.

2. Where a proposal for an amendment to the articles of association is made in a general meeting, it must always be mentioned in the convocation to the meeting. At the same time, a copy of the proposal, in which the proposed amendment has been recorded in a verbatim way, to be inspected at the company's premises for those authorized to attend meetings until the end of the meeting. From the day of the deposit until the day of the meeting, a copy of the proposal is provided free of charge for those authorized to attend meetings. A notarial deed is drawn up when an amendment is made to these articles of association.

Dissolution. Liquidation.
Article 27.

1. The company may be dissolved by a decision of the general meeting to that effect. When a proposal for the dissolution of the company is made in a general meeting, it must be indicated in the convocation to the meeting.
2. In case of dissolution of the company under decision of the general meeting, the directors shall be liquidators of the assets of the dissolved company. The general meeting may decide to appoint other persons to liquidator.

3. During the liquidation, the provisions of these articles of association remain as effective as possible.

4. Which is left after the debts of the company are dissolved, shall be transferred to the shareholders, in proportion to the nominal amount of everyone's shares.

5. The liquidation shall also apply the relevant provisions of Title 1 of Book 2 of the Civil Code.

Other competence.
Article 28.

To the general meeting belongs within the limits laid down by law and these articles of association all competences not assigned to the board or to others.

Transitional provision.
Article 29.

The first financial year of the company ends on the thirty first of December two thousand and sixteen. This article expires of the first financial year.

Closing statement.
In conclusion the appeared person stated, acting as reported:

1. For the first time, directors of the company are appointed: the founder 1 and the founder 2, entitled director.

2. At the establishment are placed:
   - Six hundred (600) shares, each with a nominal value of one euro (EUR 1.00) numbered 1 to 600, hereinafter called the "Shares 1"; And
   - Four hundred (400) shares, each with a nominal Value of one euro (EUR 1.00) numbered 601 to 1,000, hereinafter referred to as the "Shares 2",

Shares 1 and Shares 2 hereinafter referred to as the "Shares", and therefore the company's issued capital is one thousand euros (EUR 1,000.00).

3. The Shares 1 are taken by the founder 1 and the shares 2 are taken by the founder 2. The placement is done at par.

4. The Founder 1 will deposit the Shares 1 after creation in cash as soon as the company has requested it.
   The Founder 2 will deposit the Shares 2 after creation in cash as soon as the company has requested it.
   Deposit in another currency is allowed.
3. **Investment Agreement**

SURGE-ON MEDICAL B.V.

INVESTMENT AGREEMENT
INVESTMENT AGREEMENT

between

1. Surge-on Medical B.V.
   NL-2629HD Delft, Rotterdamseweg 183c,
   registered with the Chamber of Commerce (Kamer van Koophandel) under number 63561778
   - “Company” -

2. Benno Groosman
   born on 10-7-1984, resident at Delft, the Netherlands
   - “Manager 1” -

3. Tim Horemann-Franse
   born on 22-4-1980, resident at Leiderdorp, the Netherlands
   - “Manager 2” -

4. Groosman.co B.V.
   Oliemolen 106, 2614LG, Delft, the Netherlands;
   registered with the Chamber of Commerce (Kamer van Koophandel) under number 63561778

5. T. Horemans Beheer B.V.
   Heinsiuslaan 1, 2353TJ, Leiderdorp, the Netherlands;
   registered with the Chamber of Commerce (Kamer van Koophandel) under number 63561697

6. Endoscopy Innovations Invest GmbH & Co. KG
   Brüseleistraße 7, 30539 Hannover;
   registered with the commercial register (Handelsregister) at the local court (Amtsgericht) of Hannover, Germany, under HRA 204738
   - “Investor” -

   - Manager 1 and Manager 2 each a “Manager” and jointly the “Managers” -

   - the parties 4 through 5 each an “Existing Shareholder” and jointly the “Existing Shareholders” -

   - the parties 1 through 6 each a “Party” and jointly the “Parties” -
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I. RECITALS

(A) The Company is a Dutch limited liability company (Beperkte Vennootschap) duly established under the Laws of the Netherlands, and registered with the Chamber of Commerce (Kamer van Koophandel) under number 63561778 which is active, inter alia, in the development and marketing of medical instrumentation and other products, the exploitation and marketing of patents, trademark rights and other intellectual property rights, and certain types of financing ("Business"). The registered nominal share capital of the Company currently amounts to EUR 1,000 (in words: one thousand Euro), divided into 1,000 common shares with a nominal value ("Nominal Per Share Value") of EUR 1.00 each ("Existing Shares") and is presently held by the Existing Shareholders as set forth in the following table:

<table>
<thead>
<tr>
<th>Shareholders</th>
<th>No. of Shares</th>
<th>Serial Nos. of Shares</th>
<th>Nominal Per Share Value</th>
<th>Aggregate amount (in EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>T. Horeman Beheer B.V.</td>
<td>600</td>
<td>1-600</td>
<td>1.00</td>
<td>600.00</td>
</tr>
<tr>
<td>Groosman.co B.V.</td>
<td>400</td>
<td>601-1000</td>
<td>1.00</td>
<td>400.00</td>
</tr>
<tr>
<td>Total</td>
<td>1,000</td>
<td></td>
<td>1,000.00</td>
<td></td>
</tr>
</tbody>
</table>

In addition, Dr. Wenjing Ding is entitled to receive up to 31 common shares in the Company via an option plan. Dr. Ding has contractually acknowledged that such share package will dilute in the event of a capital increase that is effected before the option is exercised.

(B) The Company seeks growth financing for the expansion of its Business and the Investor is enuced to commit an equity investment in the total aggregate volume of not less than EUR 490,000.00 ("Investment Threshold") and not more than EUR 4,900,000.00 ("Investment Limit") and at a pre-money valuation of the Company of EUR 33,361,000.00 (in words: Euro thirty-three million three hundred sixty-one thousand) (fully-diluted) ("Pre Money Value") in return for the subscription of up to 146 newly issued common shares of the Company in accordance with the terms and subject to the conditions of this investment agreement ("Agreement").

II. DEFINITIONS, INTERPRETATION

1. Definitions, Interpretation

1.1 Capitalized terms used in this Agreement shall have the meaning set forth in this Agreement, as referred in the Index of Defined Terms section on page 4.

1.2 The headings are inserted for convenience only and shall not affect the interpretation of this Agreement.

1.3 Unless stated otherwise, all references to "Section" refer to the corresponding Section of this Agreement. Unless otherwise required by the context, words such as "herein", "hereunder" or the like refer to this Agreement in its entirety and not to a specific provision of this Agreement.

1.4 All words used in this Agreement shall be construed to be of such gender or number as the circumstances require.
1.5 The word “including” shall mean “including, without limitation,” the word “in particular” shall mean “in particular, without limitation,” none of which shall limit the preceding words or terms.

1.6 Any reference to a Party includes a reference to that Party’s successors in title and permitted assignees.

1.7 A “person” includes a reference to any individual, legal entity, government, public authority, works council, employee representative body or other body (whether or not having separate legal personality).

1.8 A “Business Day” shall be a day on which the banks in Amsterdam, Netherlands, and Frankfurt am Main, Germany are open to transact normal commercial business.

III. PRIMARY INVESTMENT

2. Capital Increase

2.1 Immediately following each receipt of a Funding Notification by the Company, the Existing Shareholders shall resolve the increase of the nominal share capital of the Company by issuing common shares with a nominal value of EUR 1.00 each to be issued for the benefit of the Investor, the number of such shares calculated by dividing Available Funds by the Pre Money Per Share Value, rounding down the result to full Euros (“New Shares”).

“Available Funds” shall mean the amount freely available to the Investor by July 31, 2020 (“Funding Date”) for the purpose of investment in the Company pursuant to the terms of this Agreement as specified in the Funding Notification (but excluding such available funds which have already been used in previous capital increases).

“Pre Money Per Share Value” shall be the Pre Money Value divided by the number of the Existing Shares, i.e. EUR 33,361.00.

“Contribution Amount” shall mean the aggregate amount to be paid for the subscription of the New Shares, such aggregate amount being calculated by multiplying the number of New Share with the nominal value of each New Shares.

2.2 The Investor shall, without undue delay after the Funding Date, notify the Company of the actual amount of Available Funds, it being understood and agreed that the Investor may elect to submit one or more notifications prior to the Funding Date provided that the amount of Available Funds of the first notification equals or exceeds the Investment Threshold but does not exceed the Investment Limit (“Initial Funding Notification”) or, after an Initial Funding Notification has been served, the amount of Available Funds exceeds an amount of EUR 500,000.00 (“Additional Funding Notification”, together with the Initial Funding Notification the “Funding Notifications” and each a “Funding Notification”), whereby the amount of Available Funds under such Funding Notification together with the amount of Available Funds committed under previous Capital Increases must not exceed the Investment Limit.

2.3 The New Shares are entitled to profits from the Company from the beginning of the financial year in which the capital increase has become effective.
2.4 The Existing Shareholders hereby waive their statutory pre-emptive rights to subscribe for the New Shares and shall waive any rights to challenge any of the shareholders’ resolutions stated above.

2.5 The Investor shall subscribe the New Shares as set forth above through a separate subscription declaration immediately following the extraordinary shareholders’ meeting resolving on the Capital Increase and the Investor shall pay the Contribution Amount by wire transfer in immediately available, cleared funds, free of bank and/or any other charges and with the annotation “Capital Increase” within ten (10) Business Days from the date of the respective subscription to the following bank account of the Company (‘Company’s Bank Account’):

   Account Owner: Surge-on Medical B.V.
   Bank: Rabobank
   IBAN: NL08RABO0331026767
   BIC: RABONL2U

2.6 Payments shall be made exclusively to the Company’s Bank Account which must not have a debit balance immediately prior to the aforementioned payments being effected, so that the Company’s management can freely dispose of the amounts paid. The Company undertakes not to dispose of the new capital until the Capital Increase has become effective.

2.7 The Managers shall procure that the Capital Increase will be filed for registration and registered with the competent authority without undue delay after the Investor has duly subscribed for the New Shares and has duly paid the Contribution Amount. In this respect, the Managers shall perform all acts and make all declarations necessary for the registration of the Capital Increase with the competent authority.

3. Additional Payments into the Capital Reserves, Investor Third Party Payments

In addition to the Contribution Amount and subject to the Capital Increase having been duly effected by the Company and registered with the competent register, the Investor undertakes towards the other Existing Shareholders (but not towards the Company) to pay as additional payment into the Company’s capital reserves an amount calculated by subtracting the Nominal Per Share Value from the Pre Money Per Share Value, the result being multiplied with the number of New Shares (”Capital Reserve Payment”) to the Company’s Bank Account by wire transfer in immediately available, cleared funds, value as of the relevant due date set out in this Agreement, free of bank and/or any other charges and indicating the designated purpose “Capital Reserve Amount” within ten (10) Business Days after having been informed in writing that the Capital Increase has become effective.

The Capital Reserves Payment may be partially effectuated by the Investor by paying or retaining, as the case may be, on behalf of the Company, the costs and fees owed by the Company to ascuvest international GmbH, Frankfurt am Main, Germany and/or third parties under Para. 3.1 through 3.3 of the Project Agreement that was concluded between ascuvest international GmbH and Company dated August 30, 2018, in accordance with Annex 3.1.3 to Project Agreement (”Investor Third Party Payments”). Subject to the condition precedent of Investor Third Party Payments having been made, the Investor herewith assigns its respective future recourse claim in the amount of the respective Investor Third Party Payment to the Company. The Company accepts such assignment. The amount of the Investor
Third Party Payment shall be credited against and reflected in the Investor’s Capital Reserve Payment.

4. **Transfer of Shares in Case of Non-Payment**

If and to the extent the Investor fails to pay the Capital Reserve Amount in accordance with Section 3, the Investor shall be obliged, upon request of the Company, to transfer the shares subscribed by it in the respective Capital Increase to the Company or to any third party nominated by the Company in return for reimbursement of the respective Contribution Amount.

5. **Adoption of Revised Articles of Association and Rules of Procedure for the Management**

5.1 In the shareholders’ meeting resolving on the Capital Increase after an Initial Funding Notification, the Existing Shareholders shall resolve to adopt the revised articles of association of the Company in the form attached hereto as Exhibit 5.1-1 (“Revised Articles”).

5.2 The Parties hereby undertake vis-à-vis each other, as from the date of this Agreement and up until the Capital Increase and the Revised Articles have become effective, to treat each other under this Agreement to the fullest extent legally permissible as if the Capital Increase and the Revised Articles had already become effective upon the end of the shareholders’ meeting pursuant to Section 2.1 above.

6. **Use of Funds**

Any funds provided by the Investor to the Company, be it as payments on the Contribution Amount pursuant to Section 2.5 or on the Capital Reserve Amount pursuant to Section 3, shall be used by the Company to pursue the corporate purposes set forth in the corporate charter and the prospectus.

7. **Revised and Restated Shareholders’ Agreement**

The Parties hereby enter into the revised and restated shareholders’ agreement relating to the Company in the form attached hereto as Exhibit 7 (“Shareholders’ Agreement”).

IV. **REPRESENTATIONS AND WARRANTIES, REMEDIES**

8. **Representations and Warranties of the Existing Shareholders**

8.1 The Existing Shareholders (collectively the “Guarantors”) in respect to the representations in this Section 8 as joint and several debtors hereby guarantee to the Investor regardless of fault or negligence by way of an independent guarantee that the respective statements are true and accurate in any material respect as at the date of this Agreement:

8.1.1 The Company is duly organized and validly existing.

8.1.2 The Company has disclosed its current shareholders.

8.1.3 The Company does not hold equity interests in other entities, nor has it entered into any partnership or joint venture agreements.

8.1.4 The Company has disclosed its shareholder agreements or agreements with third parties, such as voting agreements, lock-up agreements, pre-
emptive rights, warrants, options, restricted transferability, preferential rights, drag-along and tag-along rights, registration rights, and any agreements that encumber the Company's shares.

8.1.5 There are no inter-company agreements between the Company and any affiliated companies.

8.1.6 The Company has the right to use all fixed assets that are necessary and material for performing the business of the Company.

8.1.7 The Company is not a party to any lease agreements requiring annual lease payments in excess of EUR 20,000.00.

8.1.8 The Company has disclosed all of its material supply agreements, distribution agreements, and license agreements and the Company has not received a notice of termination for any of these agreements.

8.1.9 The Company has disclosed all of its material customer agreements and the Company has not received a notice of termination for any of these agreements.

8.1.10 The Company is not inordinately dependent on three or fewer customers.

8.1.11 The Company has disclosed all of the clinical trials and clinical investigations in which it is participating.

8.1.12 The Company is not subject to any non-compete obligations.

8.1.13 The Company is not subject to any change of control clauses.

8.1.14 The Company has not extended any guarantees or comfort letters.

8.1.15 The Company has disclosed all of its employees, identifying the employee, position, date of birth, date of entry, termination notice period, whether currently absent from work (e.g., maternity leave, garden leave, etc.) and gross monthly salary, including any bonuses, benefits, and other compensation (e.g., stock options, unpaid accrued overtime hours, vacation pay, etc.).

8.1.16 The Company does not have a works council and is not subject to any collective bargaining agreement.

8.1.17 The Company is not subject to any pension commitments (other than obligations under statutory pension schemes).

8.1.18 No employee or former employee (or representative or former representative) of the Company has a claim to a royalty or any other payment for any invention or improvement by such employee, former employee, representative or former representative pursuant to statute or any other basis that provides for such a royalty or payment.

8.1.19 The Company has disclosed any outstanding claims by or against former employees or independent contractors.

8.1.20 The Company has disclosed its "qualified person" under the EU Medical Device Regulation and a description of such person for each of its products, to the extent applicable.
8.1.21 The Company has disclosed the legal "manufacturer" of medical devices for each of its products, to the extent applicable.

8.1.22 The Company has disclosed the notified bodies that it has engaged for each of its products, to the extent applicable.

8.1.23 The Company has disclosed its unique device identification (UDI) for each of its products, to the extent applicable.

8.1.24 The Company has disclosed the importer of its medical devices into the European Union and the corresponding certification for each of its products, to the extent applicable.

8.1.25 The Company has disclosed each of its regulatory, market, and product approvals received for each of its products, to the extent applicable, including the notified body, competent authority, and approving agency.

8.1.26 The Company has disclosed each of its regulatory, market, and product applications it has filed (including Technical Files) for each of its products, to the extent applicable, with notified bodies, competent authorities, and approving agencies.

8.1.27 The Company has disclosed its certification of quality management systems (ISO certification, GMP, GDP) for each of its products, to the extent applicable, and has disclosed to what extent employees have participated in GCP or GLP training courses.

8.1.28 The Company has disclosed its quality control (e.g., ISO certification) for each of its products, to the extent applicable.

8.1.29 The Company has disclosed its intellectual property, including patents, copyrights, trademarks and domain names, including the name of the owner, place of registration, date of registration, and significance to issuer.

8.1.30 The intellectual property used, held for use, useful or otherwise needed by the Company to operate its business is either owned or exclusively licensed by the Company free of any third-party rights.

8.1.31 The software, databases or proprietary processes used, held for use, useful or otherwise needed by the Company to operate its business is either owned or exclusively licensed by the Company free of any third-party rights.

8.1.32 The Company is not involved in proceedings relating to the validity or ownership of one of its intellectual property rights, including re-examination, opposition or nullity proceedings.

8.1.33 The Company has not disclosed or published the subject of its patents or utility models before the date of application or the priority date of the respective patent or utility model to any third party.

8.1.34 The Company has taken all necessary measures to ensure that the company's know-how remains confidential.

8.1.35 The Company is not involved with any intellectual property infringement suits and has not concluded any settlement agreements or consents relating to the technology used by the Company.
8.1.36 The Company is not aware of any allegations of intellectual property infringement, in particular has not received any warning letters or requests for legitimacy, and is not involved in any discovery or inspection proceedings.

8.1.37 The Company has disclosed any security interests or other encumbrance granted in its technology.

8.1.38 The Company has disclosed all licensing agreements (whether as licensor or licensee) to which it is a party.

8.1.39 The Company has disclosed all non-disclosure agreements to which it is a party setting forth the name of the partner, date, duration, and subject of non-disclosure.

8.1.40 The Company does not own any real estate.

8.1.41 The Company has disclosed all real estate that it is leasing or is sub-leasing, including name of landlord, date of agreement, location of real estate, rent amount, term, and notice period.

8.1.42 The Company has furnished copies of its financial statements for the past three years, or if in existence for fewer than three years, since its formation.

8.1.43 The Company has disclosed all liabilities or obligations to which it is subject.

8.1.44 The Company has properly and timely filed all tax returns and other reports related to taxes.

8.1.45 The Company is not a party to any litigation or other proceedings or other investigations by any judicial or administrative agency.

8.1.46 The Company has disclosed all of the subsidies and other public moneys it has received or is receiving from governmental agencies or authorities.

8.1.47 The Company has disclosed all of its insurance policies and this insurance coverage is customary for a company of this size and nature.

8.1.48 The Company has disclosed all insurance claims made by it during the last three years.

8.1.49 There are no third-party consents necessary to consummate the transactions to ensure the continued performance by the third parties of their rights and obligations.

8.1.50 The Company's business is conducted in accordance with all applicable laws, regulations, ordinances, and orders by any governmental authority.

8.1.51 The Company has disclosed all actions it has taken to prevent a cybersecurity risk and has described all known cybersecurity attacks involving the Company.

8.1.52 The Company has disclosed all actions it has taken to prevent a data security breach and has described any data breaches involving the Company.
9. Remedies

9.1 If one or more representations under Section 8 are untrue, incomplete and/or incorrect (for the purposes of this Section 9 the "Breach"), the Investor shall be entitled to demand from the Guarantors (i) to present as soon as possible but not later than within two (2) weeks after such request an action plan ("Action Plan") to the Investor describing actions and measures to be taken in order to remedy the Breach and (ii) to remedy the Breach within further two (2) weeks, or such reasonable longer period necessary to remedy such Breach.

9.2 If the Action Plan has not been presented in due time (in particular if restitution in kind is not possible) and/or if the Breach has not been fully remedied in time, then with respect to the statements in Section 8 the Guarantors shall compensate the Investor by payment of damages in cash so as to put the Investor financially in such position it would have been in had the respective guarantees under Section 8 been fully complete and accurate, however, excluding loss of profits ("Compensation in Cash").

9.3 The Guarantors shall be liable for a Breach only if the aggregate amount of all claims for a Breach exceeds an aggregate amount of EUR 10,000 (in words: Euro ten thousand). In the event that the aforementioned threshold amount of EUR 10,000 (in words: Euro ten thousand) is exceeded, the Investor can claim the full aggregate amount of all individual claims not just the amount exceeding the threshold amount. Notwithstanding the foregoing, the total liability of the Guarantors for any Breach is limited to an aggregate amount equaling the total amount invested by the Investor under this Agreement.

9.4 Any claims by the Investors against the Guarantor for a Breach shall become time-barred with the expiration of the following limitation periods:

9.4.1 in case of guarantees in Section 8.1.1 to 8.1.3 being incorrect or incomplete: five (5) years as of the date of this Agreement;

9.4.2 in case of guarantees in Section 8.1.44 (Taxes) being incorrect or incomplete: upon the lapse of six months since submission to the Investor of a final, unchallengeable and binding tax or social insurance assessment relating to the respective tax or social insurance, which is not subject to further modification, however not before the lapse of 18 months as of the date of this Agreement;

9.4.3 in all other cases: 18 months as of the date of this Agreement.

9.5 The Investor shall not be entitled to bring any claim against the Guarantors under this Section 9 and the Guarantors shall not be liable if and to the extent

9.5.1 the underlying facts of the breach have been disclosed in this Agreement or its Exhibits to the Investor prior to the date of this Agreement; or

9.5.2 damages suffered or incurred by the Investor as the result of a Breach are duplicative (e.g. if a breach has resulted in damages of the Company and in damages of the Investor in the form of a corresponding reduction of the value of the respective Investor's equity interests in the Company), such damages shall only be recoverable once but not more than once.

9.6 The Parties agree that, except in case of intent, fraud or willful non-disclosure, all consequences of a Breach are exclusively governed by this Section 9 and that the
Investor shall have no rights whatsoever, with regard to a Breach other than the rights explicitly stated in this Section 9. Unless otherwise provided in this Section 9, statutory claims shall be excluded.

V. NOTICES

10. Notices

All notices and other communications hereunder shall be made in writing and shall be sent by email or courier to the addresses as shown on page 2 of this agreement.

VI. MISCELLANEOUS

11. Condition precedent

The validity of this Agreement is conditional upon the Investor having Available Funds in an amount equal to or exceeding the Investment Threshold no later than the Funding Date. If the Investor fails to fulfill this condition as at the Funding Date, it shall inform the Company without undue delay after the Funding Date latest. Upon receipt of such notification, all obligations of the Parties under this Agreement shall be null and void, save for Sections 10 through 16 of this Agreement, which shall remain in full force and effect.

12. Form of Amendments and Statements

Amendments to this Agreement including any amendment of this Section 12 shall be required to be in writing in order to be effective, unless a stricter form requirement (e.g. a notarization) applies by mandatory law. Any statement, declaration, notification or other communication that is required to be in writing under this Agreement, shall suffice to be transmitted by email in order to be effective.

13. Severability

In the event that a provision of this Agreement is or becomes partly or entirely invalid or unenforceable or if this Agreement contains a gap or omission, the validity of the remaining provisions of this Agreement is not affected thereby. The partly or entirely invalid or unenforceable provision shall be deemed replaced in this case by a valid and enforceable provision, which the Parties would have agreed on had they been aware of the invalidity or unenforceability of the respective provision. The same applies in the event that this Agreement contains a gap or omission.

14. Transaction Costs

The Parties shall each bear their own costs incurred in connection with this Agreement and the transactions contemplated herein as well as in connection with the Shareholders’ Agreement.

15. Governing Law

The Parties confirm their joint understanding that this Agreement is governed by and construed in accordance with the laws of the Netherlands under exclusion of its rules of conflict of laws.
16. **Jurisdiction**

All disputes arising out of or in connection with this contract or its validity shall be finally settled in accordance with the Arbitration Rules of the German Arbitration Institute (DIS) without recourse to the ordinary courts of law. The arbitral tribunal shall be comprised of three members. The seat of the arbitration is Düsseldorf, Germany. The language of the arbitration shall be English. The rules of law applicable to the merits shall be the Laws of the Netherlands.

* * * * *

Date, Place

Surge-on Medical B.V.

Benno Groosman

Date, Place

Tim Horemann-Franse

Groosman.co B.V.

Date, Place

T. Horemann Beheer B.V.

Endoscopy Innovations Invest
GmbH & Co. KG
Exhibit 5.1-1
(Revised articles of association)

ARTICLES OF ASSOCIATION:

Definitions.
Article 1.
1. The articles of association shall mean:
   a. share: a share of the company's capital; rights that are not entitled to vote or to benefits
      of profits or reserves shall not be regarded as a share;
   b. shareholder: a holder of one (1) or more shares;
   c. general meeting: the company body formed by the person or persons to whom
      shareholder or otherwise the voting rights to shares, or a meeting of persons (or their
      representatives) with meeting rights;
   d. director: a director of the company;
   e. board: the board of company;
   f. register: the register of the company;
   g. company: the company of which the internal organisation is governed by these articles;
   h. members of the meeting: shareholders and persons granted meeting rights in
      accordance with these articles of association; and
   i. meeting rights: the right to attend general meetings and to speak.
2. References to articles are references to articles of these articles of association unless explicitly
   stated otherwise.
3. Unless inferred otherwise from the context, words and phrases in these articles, if not otherwise
   defined, have the same meaning as in the Civil code.

Name and seat.
Article 2.
1. The company bears the name: Surge-On Medical B.V.
2. The Company has its seat in Delft.

Purpose.
Article 3.
The purpose of the company is:
   a. the development and marketing of medical instrumentation and other products;
   b. exploitation and marketing of patents, trademark rights, licences, know-how, copyrights,
      databases and other intellectual property rights;
   c. establishing, participating in, controlling and cooperating with legal entities, companies
      and companies in any way;
   d. providing advice and the provision of services to legal persons, companies and
      corporations with which the company is affiliated in a group and to third parties;
   e. the financing of legal persons, companies and corporations;
f. borrowing, lending and gathering shall include issuing bonds, debt securities or other securities, and the entering into related agreements;
g. the provision of warranties, connecting the company and the objections of assets of the company for the benefit of legal entities, companies and corporations with which the company is affiliated in a group and for the benefit of third parties;
h. obtaining, managing, objecting, exploiting and alienating registered property and power values in general;
i. trading of currencies, securities and power values in general;
j. performing all types of industrial, financial and commercial activities,

And, furthermore, all or may be linked or conducive to this, all in the broadest sense of the word.

Capital, shares and shareholding.

Article 4.

1. The capital of the company consists of one (1) or more ordinary shares, each share with a nominal value of one euro (EUR 1.00).
2. All shares are numbered continuously from 1.
3. All shares are denominated in name. Share certificates are not issued.
4. If shares or rights to shares belong to a community, other than a special community referred to in Article 189 (1) of Book 3 of the Civil Code, the participants may only represent themselves in relation to the company by one (1) person, authorized to do so in writing by them all.

Register

Article 5.

1. The board shall keep a register containing the names and addresses of all the shareholders, listing the date on which they obtained the shares, the date of acknowledgement or service, and specifying the amount paid on each share.
2. The register shall contain the names and addresses of those who have a right of lien or usufruct on shares, specifying the date on which they obtained the right, the date of acknowledgement or service, and listing the rights attached to the shares. The register shall contain the names and addresses of holders of certificates of shares to which the meeting right is attached, specifying the date on which the meeting right was attached to their certificate and the date of recognition or service.
3. All shareholders and others whose data is included in the register in accordance with paragraph 2 are obliged to provide the board with the required data timely.
4. The register is kept regularly. All entries and notes in the register are signed by a director.
5. On request, the board shall provide a shareholder, a usufructuary, a pledgeholder and a holder of a certificate of a share with a meeting right, an extract from the register relating to his right to a share or certificate of a share for free.
6. The board shall submit the register at the office of the company for inspection for the shareholders as well as the usufructaries, pledgeholders and holders of certificates of shares with a meeting right.
**Issue of shares and preferential rights.**

**Article 6.**

1. The issuance of shares may only be due to a decision of the general meeting, in so far as this competence isn’t transferred by the general meeting to another body within the company. The general meeting can revoke this transfer. When deciding to issue shares the price and the further conditions of issuance are determined. The price cannot be below par.

2. Each shareholder, with the exception of the company if it holds shares in its own capital, has preferential rights proportionate to the aggregate amount of shares when issuing, subject to the legal restrictions in this respect and the provisions of paragraph 4.

3. The provisions of paragraph 2 shall correspondingly apply to the granting of rights and to the taking of shares, but does not apply to the issuing of shares to someone who exercises a right previously acquired to the taking of shares.

4. The preferential right may be limited, each time for one (1) single issue, or excluded by the issuing body.

5. For the issuance of a share is executed before a civil law notary officiating in the Netherlands, and to which those involved are party.

**Payment to shares.**

**Article 7.**

1. When taking a share, the nominal amount must be deposited accordingly. It may be stipulated that the nominal amount or a part thereof must first be deposited after the expiry of a certain time or after the company has requested it.

2. Payments on shares must be made in cash in so far as no other consideration has been agreed.

3. Payment in currency other than the par value is subject to the company's consent.

4. The board is empowered to enter into legal acts relating to contributions to shares other than money and other legal acts referred to in article 2:204 of the Civil code, without prior approval of the general meeting.

**Own shares.**

**Article 8.**

1. The company cannot take own shares when issuing shares.

2. The board shall decide, taking into account the statutory provisions applicable to the acquisition of shares in the company's capital. Acquisition by the company of shares in its capital not paid up in full shall be null and void.

3. The company may only obtain its own shares to the extent that with this acquisition at least one (1) share is held by a company other than the company or a subsidiary company of the corporation.

4. Acquisition and alienation of own shares by the company shall be subject to the provisions of article 13.

5. No vote may be cast in a general meeting in respect of any share which is held by the company.

6. Under the notion of shares in this article, certificates are included.

**Capital Reduction. Article 9.**

1. The general meeting may resolve to reduce the issued capital by cancelling shares or by reducing the nominal value of the shares by amendment of the Articles of Association. The
resolution concerned must specify the shares to which the resolution pertains and the manner of execution.

2. With a decision to reduce the issued capital with reimbursement of shares is paragraph 2 of article 21 of corresponding application. Reimbursement or release from the obligation to pay within the meaning of this article shall be permitted only where equity capital is greater than the reserves to be held under the law or the statutes.

3. Capital reduction can only take place to the extent that after the reduction least one (1) share is held by a company other than the company or a subsidiary company and is also subject to the provisions of the law.

**Usufruct. Lien.**

**Article 10.**

1. The right of usufruct can be established on a share.

2. The shareholder has the right to vote on the shares on which a right of usufruct is established.

3. Notwithstanding the preceding paragraph, the voting rights to the usufructuary, if this is determined at the establishment of the right of usufruct or has subsequently been agreed in writing between the shareholder and the usufructuary and the transition of the voting rights has been approved by the general Meeting. The approval by the general meeting is not required if the usufructuary is a person to whom shares can be freely transferred.

4. The usufructuary who has the right to vote and the shareholder who does not have the right to vote, have meeting rights. The usufructuary who does not have the right to vote has no meeting rights.

5. Lien can be established on a share.

6. The shareholder has the right to vote on the pledged shares.

7. Notwithstanding the preceding article, the right to vote accrues to the holder of a right of lien if, whether or not under suspensory condition, unless at the creation of the pledge is determined or subsequently in writing between shareholder and the holder of a lien and the transition of the voting right has been approved by the general meeting.

8. The holder of a lien who has the right to vote and the shareholder who does not have the right to vote, do not have meeting rights. The holder of a right of lien without voting rights, does not have meeting rights.

**Certificates of shares.**

**Article 11.**

The holders of certificates of shares will be entitled to meeting rights.

**Transfer of shares and limited rights.**

**Article 12.**

1. The transfer of a share or the transfer or establishment of a limited right of that is required For the provision of a share or establishment, executed before a civil law notary officiating in the Netherlands.

2. When the company itself is party to such legal act, the rights attached to the share can only be executed after the company has recognised the legal act or the deed has been served to the company in accordance with the provisions of the law, or has recognised its own movement by registering in the register in accordance with the stipulated in the law.
Transfer restrictions

Article 13.

1. Any transfer of shares may take place only after the shares have been offered to the co-shareholders as provided for in this article.

2. However, no offer of shares has to take place if the transfer is made with the written consent of the co-shareholders, within three (3) months after they have all given their written consent.

3. The shareholder who wants to transfer one (1) or more shares (in this article also indicate as: "the provider"), shall notify the board, stating the number of shares to be transferred and the person or persons to whom he wishes to transfer. This notice is an offer to the co-shareholders to sell the shares at a price which will be determined in accordance with paragraph 5.

4. The Board shall notify the offer within two (2) weeks after it has been received to the co-shareholders.

5. The purchase price will, unless the provider and the co-shareholders agree otherwise, be determined by one (1) or more independent experts, who are appointed by the provider and the co-shareholders in joint consultations. If they do not reach agreement within two (2) weeks after the notification of the administration referred to in paragraph 4, the purchase price shall be determined by appointing three (3) independent experts at the request of the party raising the issue, by the chairman, or his deputy, of the Dutch professional association of accountants.

6. The experts referred to in the preceding paragraph shall be entitled to inspect all books and documents of the company and to obtain all information which is appropriate for their price fixing.

7. The board shall inform all shareholders within two (2) weeks after the experts have fixed the price.

8. The co-shareholders wishing to purchase the shares offered shall notify the board within two (2) weeks after the price has been determined by mutual agreement or, if the price has been determined by experts, within two (2) weeks after the administration has communicated this in accordance with paragraph 7. The company itself may only be candidates for the shares offered with the agreement of the supplier.

9. The board assigns the shares offered to the candidates and gives notice to all shareholders. If and to the extent that no allocation has taken place, the board shall also notify all shareholders.

10. Where two (2) or more co-shareholders are candidates for more shares than offered, the allocation by the board shall be proportionate to the shares held by the candidates. No one can get more shares than he has reflected. Is a co-shareholder candidate for less shares than proportionally accrued, the shares thus released shall be allocated to the other candidates proportionality. As far as allocation to that measure is not possible, drawing will decide.

11. The provider has the right to withdraw its entire offer by notifying the board until one month after the notification referred to in paragraph 9 has elapsed.

12. The purchased shares are delivered at the simultaneous payment of the purchase price within one (1) month after the expiration of the period during which the offer can be withdrawn.

13. If the provider has not withdrawn his offer, he may, within three (3) months after it is established that the offer has not been used or fully used, freely transfer the shares offered.

14. The costs of appointing of the experts referred to in paragraph 5 and their fees shall be borne by:
   a. the supplier if he withdraws his offer;
   b. the supplier for half and the buyers for the other half if the shares are purchased by co-shareholders, understanding that each buyer contributes to the costs in proportion to the number of shares bought by them;
   c. The company if the offer has not been used or used fully.
15. All notices and announcements mentioned above shall be made by registered letter or acknowledgement of receipt.

16. The foregoing provisions shall apply correspondingly to the right to take shares.

17. The provisions of this article shall not apply if the shareholder is obliged by the law to transfer his shares to a previous shareholder.

**Board.**

**Article 14.**

1. The board consists of one (1) or more director(s). Both natural persons as well as legal entities can be director.

2. The number of directors shall be determined by the general meeting.

**Appointing, Suspension and resignation, Absence or inability, Remuneration. Article 15.**

1. The directors are appointed by the general meeting.

2. Any director may be suspended and dismissed at any time by the general meeting.

3. In the event of absence or inability of a director, the other directors or the other director shall be temporarily charged with the management of the company. In the event of the absence or inability of all directors or of the sole director, the person designated by the general meeting is temporarily charged with the management of the company.

4. The titles, the remuneration and the further working conditions of each director shall be determined by the general meeting.

**Management duty, Decision-making. Article 16.**

1. The board is responsible for managing the company. In carrying out their duties, the directors are in the interests of the company and its affiliated company.

2. Unless otherwise provided under paragraph 5, each director has one (1) vote and all decisions of the board shall be taken with absolute majority of the votes cast.

3. A director may represent himself in a written proxy at the meeting. The requirement of written authorisation is met if the proxy is recorded electronically.

4. Decisions of the board may, instead of in a meeting, be taken in writing or electronically in a reproducible manner, provided that the relevant proposal has been submitted to all the directors in office and none of them oppose this decision-making process.

5. The board may lay down detailed rules on the decision-making and working methods of the board. In this context, the board may, inter alia, determine the task with which each director will be entrusted more specifically.

6. A director shall not participate in the deliberation and decision-making process if he has a direct or indirect personal interest which is contrary to the interest referred to in paragraph 1. Where no board decision can be taken and the concerning director(s) is/are also any shareholder(s), the relevant director(s) may nevertheless take the decision. If, based on the foregoing provisions of this article, a board decision can't be made, the decision will be made by the general meeting.
**Representation.**

**Article 17.**

1. The board is authorised to represent the company. If the board consists of several directors, the power of representation accrues each director separately.

2. The board may set up officials with general or limited representation powers. Each of them represents the company in accordance with the limits laid down by that authority. Their titles are determined by the board.

3. Legal acts of the company towards the holder of all shares in the capital of the company, where the company is represented by this shareholder, shall be recorded in writing. For the purposes of the preceding sentence, shares held by the company or its subsidiaries are not included.

4. Paragraph 3 does not apply to legal acts governed by the provisions of Ordinary activities of the company.

**Approval of decisions of the board.**

**Article 18.**

1. The general meeting has the power to approve decisions of the board. These decisions should be clearly defined and communicated to the board in writing.

2. The absence of an approval as provided for in this article does not affect the powers of representation of the board or the directors.

**Financial year. Annual account.**

**Article 19.**

1. The financial year of the company is be equal to the calendar year.

2. Annually within five (5) months after the end of the financial year, subject to the extension of this period with a maximum of six (6) months by the general meeting on the basis of special circumstances, the board compiles a financial statement and submits it to the shareholders for inspection at the premises of the company. Within this period, the board shall also inspect the annual report, unless the company is exempted under the law to draw up an annual report.

3. The annual accounts are signed by the directors; a note is made with reasons given if any signature of one (1) or more of them is missing.

4. The company shall assign an authorized auditor to audit the financial statements, unless it is exempted from this by virtue of the law. The general meeting is authorized to issue such instruction.

5. The order for investigation may be withdrawn for justified reasons by the general meeting and by the person who granted it.

6. The auditor who has examined the annual accounts shall submit a report to the board.

7. The company shall ensure that the annual accounts, the annual report and the data to be added pursuant to article 392 (1) of Book 2 of the Civil Code are intended to be appended from the call for the general meeting to their treatment, be present at their premises. The shareholders and the other members of the meeting can inspect the documents there and obtain a copy free of charge.

8. If the company is exempted from the obligation referred to in paragraph 4, the general meeting may decide that the annual accounts will still be examined, or that a different form of assessment of the financial statements and accounting will take place.
Adoption of annual accounts. Discharge. Disclosure.

Article 20.
1. The general meeting shall adopt the annual accounts. The annual report shall be adopted by the board.
2. The adoption of the financial statements does not give discharge to a director. The general meeting may, by separate decision, grant discharge to a director for the policy pursued in the financial year in question, to the extent that that policy is evidenced by the annual accounts or otherwise published to the general meeting.
3. If all shareholders are also directors, ratification of the annual accounts by all directors does not count as a setting of the financial statements.
4. Unless a statutory exemption applies, the company is obliged to publication of its annual accounts within eight (8) days following the setting.

Profits and benefits.

Article 21.
1. The general meeting has the power to use the profit which has been determined by the adoption of the financial statements or the determination of the manner in which a deficit will be processed and fixing of interim benefits from the profits or benefits from the reserves, in so far as equity capital is greater than the reserves to be held under the law or the statutes.
2. A decision that extends to benefits has no effects as long as the board has not given its approval. The board only refuses the approval if it knows or reasonably foresees that the company will not be able to continue to pay after the benefit its due debts.
3. In calculating each benefit, the shares that the company holds in its capital do not count. In calculating the amount, which will be paid to each share, only the amount of the compulsory deposits at the nominal amount of the shares are eligible. With consent of all shareholders the provisions of the second sentence of this paragraph may differ.
4. Subject to the provisions of paragraph 2, the benefits are immediately claimable, unless the general meeting establishes another moment.
5. A shareholders claim to a benefit on shares lapses five (5) years after it becomes due.

General Meeting.

Article 22.
1. At least one (1) general meeting shall be held during each financial year of the company or shall be decided at least once in accordance with article 25. The agenda of the annual general meeting contains the following topics in any event:
   a. the adoption of the annual accounts;
   b. the determination of the profit appropriation;
   c. the granting of discharge to directors for their management over the preceding financial year; and
   d. if the company is obliged is to produce an annual report, the treatment of the annual report, unless the time limit for drawing up the annual accounts and, if an annual report is required, the deadline for submitting the annual report has been extended or a proposal has been placed on this agenda.
2. Other general meetings are held as often as the board deems necessary. The board is competent to convene a general meeting. The board is compulsory to convene a general meeting when one (1) or more of those who derive a right to attend the meeting who solely or jointly own at least one hundredth (1/100th) of the issued capital shall represent in writing and
under precise indication of the subjects to be treated, the request to the board to convene a
general meeting, unless an overriding interest of the company opposes it.

3. A subject, of which treatment has been requested in writing by one or more persons who own
solely or jointly at least one hundredth of the (1/100\textsuperscript{th}) of the issued capital, shall be integrated
in the convocation or announced in the same manner if the company's request no later than on
the thirtieth (30\textsuperscript{th}) day before that of the meeting and provided that no overriding interest of the
company opposes it. The requirement of written request as referred to in this paragraph shall be
fulfilled if the request is recorded electronically.

4. The convocation to a general meeting shall be made by means of convocation letters
addressed to the persons entitled to the meeting, as they are listed in the register referred to in
article 5.

5. After obtaining the consent of a person entitled to meetings, the convocation may also be made
by a legible and reproducible electronic message addressed to the address published for this
purpose by the company.

6. The convocation mentions the subjects to be discussed, if resolutions are to be passed, the
wording of such resolution to be proposed to the meeting must be included. Participation in and
voting in a general meeting is possible by using an electronic means of communication if this is
mentioned in the convocation.

7. The convocation shall take place no later than the sixteenth (16\textsuperscript{th}) calendar day before the day
of the meeting.

8. The general meetings are held in the municipality where the company has its registered office
under these statutes.

9. The general meeting provides for itself in its presidency. Until that time, the chair is perceived by
a director or, failing that, the eldest person present at the meeting. The minutes of the general
meeting shall be held by a minute-taker appointed by the president.

10. The directors have an advisory vote as such in the general meeting.

**General meeting. Deviation agenda, term, place.**

**Article 23.**

1. Provided that all the persons entitled to attend the meeting have agreed that decision-making
takes place, on all subjects and with the place of the meeting, and the directors have been
given the opportunity to express their opinions before the decision-making process, legal
decisions may be taken and/or the general meeting may be held elsewhere, regardless of
whether the notice period was shorter or the convocation did not take place, with regard to
subjects whose treatment was not announced in the convocation and regardless of whether the
general meeting was held on the spot in article 22 paragraph 8.

2. The board takes note of the decisions taken. If the board is not represented at the meeting, a
copy of the decisions taken shall be made by or on behalf of the president of the meeting as
soon as possible after the meeting and should be given to the board. The notes are located at
the premises of the company for inspection by those who have the right attend meetings. To
each of them if requested, a copy or excerpt of these notes, be provided at a maximum cost
price.

**Decision-making.**

**Article 24.**

1. Each person entitled to attend meetings is entitled to personally or in writing proxy attend the
general meeting and to speak. Each person with voting rights is entitled, in person or in writing
proxy, to exercise the right to vote in the general meeting. The requirement of written proxy is met if the proxy is recorded electronically.

2. Each person with the right to attend the meeting is competent to take the floor, in person or in a written proxy, by means of an electronic means of communication to the general meeting, to speak and, in respect of the people authorized to attend meetings and to vote, exercise the right to vote, unless one (1) or more of these rights is not provided for in accordance with the provisions of these articles of association. The requirement of written proxy is met if the proxy is recorded electronically.

3. For the purposes of paragraph 2, it is necessary for the person entitled to attend meetings to be identified by means of the electronic means of communication, to be able to take direct note of the discourses at the meeting, may take part in the deliberation and in respect of the voting entitled, the right to vote.

4. The board may lay down further conditions for the use of the electronic means of communication referred to in this article, which conditions should be made known with the convocation.

5. Each share entitles to the release of one (1) vote.

6. To the extent that the law or these articles of association do not require a larger majority, all decisions shall be taken by an absolute majority of votes.

7. If the votes are tied, the proposal is rejected.

**Decision-making outside of the meeting.**

**Article 25.**

1. Decision-making of those with a right to attend meetings and to vote can be done in a manner other than in a meeting, provided that all have agreed with this method of decision-making. This method of decision-making may take place by electronic means.

2. The votes are delivered in writing. The requirement of written votes is also accomplished when the decision, stating the manner in which each of the shareholders agrees, is recorded in writing or electronically. The votes can also be cast by electronic means.

3. The directors will be given the opportunity to express their opinions on the proposal prior to making the decision.

4. Those who have taken a decision outside the meeting shall immediately notify the board of the decision taken.

**Amendment of the articles of association.**

**Article 26.**

1. The general meeting is authorised to amend these articles of association.

2. Where a proposal for an amendment to the articles of association is made in a general meeting, it must always be mentioned in the convocation to the meeting. At the same time, a copy of the proposal, in which the proposed amendment has been recorded in a verbatim way, to be inspected at the company's premises for those authorized to attend meetings until the end of the meeting. From the day of the deposit until the day of the meeting, a copy of the proposal is provided free of charge for those authorized to attend meetings. A notarial deed is drawn up when an amendment is made to these articles of association.
Dissolution. Liquidation.

Article 27.

1. The company may be dissolved by a decision of the general meeting to that effect. When a proposal for the dissolution of the company is made in a general meeting, it must be indicated in the convocation to the meeting.

2. In case of dissolution of the company under decision of the general meeting, the directors shall be liquidators of the assets of the dissolved company. The general meeting may decide to appoint other persons to liquidator.

3. During the liquidation, the provisions of these articles of association remain as effective as possible.

4. Which is left after the debts of the company are dissolved, shall be transferred to the shareholders, in proportion to the nominal amount of everyone’s shares.

5. The liquidation shall also apply the relevant provisions of Title 1 of Book 2 of the Civil Code.

Other competence.

Article 28.

To the general meeting belongs within the limits laid down by law and these articles of association all competences not assigned to the board or to others.

Transitional provision.

Article 29.

The first financial year of the company ends on the thirty first of December two thousand and sixteen. This article expires of the first financial year.

Closing statement.

In conclusion the appeared person stated, acting as reported:

1. For the first time, directors of the company are appointed: the founder 1 and the founder 2, entitled director.

2. At the establishment are placed:
   - Six hundred (600) shares, each with a nominal value of one euro (EUR 1.00) numbered 1 to 600, hereinafter called the "Shares 1"; And
   - Four hundred (400) shares, each with a nominal Value of one euro (EUR 1.00) numbered 601 to 1,000, hereinafter referred to as the "Shares 2",

Shares 1 and Shares 2 hereinafter referred to as the "Shares", and therefore the company's issued capital is one thousand euros (EUR 1,000.00).

3. The Shares 1 are taken by the founder 1 and the shares 2 are taken by the founder 2. The placement is done at par.

4. The Founder 1 will deposit the Shares 1 after creation in cash as soon as the company has requested it.

   The Founder 2 will deposit the Shares 2 after creation in cash as soon as the company has requested it.

   Deposit in another currency is allowed.
Shareholders’ Agreement

relating to

Surge-on Medical B.V.

between

Tim Horeman-Franse
Benno Groosman
T. Horeman Beheer B.V.
Groosman.co B.V.
Endoscopy Innovations Invest GmbH & Co. KG

and

Surge-on Medical B.V.
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Preamble

(A) Surge-on Medical B.V. is a limited liability company (besloten vennootschap met beperkte aansprakelijkheid) under the laws of the Netherlands, with office address at Rotterdamseweg 183c, 2629 HD Delft, the Netherlands, registered with the Chamber of Commerce (Kamer van Koophandel) under number 63561778 ("Company").

(B) On the date of this shareholders' agreement ("Shareholders' Agreement"), Tim Horeman-Franse ("THF") and Benno Groosman ("BG") (THF and BG collectively the "Founders"), T. Horeman Beheer B.V. and Groosman.co B.V (collectively the "Existing Shareholders") and Endoscopy Innovations Invest GmbH & Co. KG (the "Investor") (the Existing Shareholders and the Investor, as well as any individual or entity that may acquire shares in the Company ("Share(s)") from time to time upon (i) such individual's or entity's acquisition of Shares, and (ii) the accession to this Shareholders' Agreement, the "Shareholder(s)") as well as the Company, have entered into an investment agreement ("Investment Agreement") pursuant to which the Investor agreed, subject to the provisions of the Investment Agreement, to invest in the Company as well as to subscribe to new Shares (the "Seed-Shares").

(C) The Founders, the Company and the Shareholders intend to regulate the legal relationship among the Founders and the Shareholders, as well as among the Company and its Shareholders, by entering into this Shareholders' Agreement.

(D) The current articles of association (statuten) of the Company (the Articles) are attached hereto as Annex (D).

(E) Terms not defined in this Shareholders' Agreement, but defined in the Investment Agreement, shall have the identical meaning unless explicitly stated otherwise in this Shareholders' Agreement.

NOW, THEREFORE, in consideration of the foregoing, the Company, Founders and Shareholders (the "Party(ies)") hereby agree as follows:

1 ESOP

1.1 To ensure the long term retention and motivation of eligible participants (including employees, officers, freelancers and other service providers; "ESOP Participant(s)"); the Company has implemented an incentive scheme comprising of virtual shares ("ESOP"). The issuance of individual virtual shares to the ESOP Participants under the ESOP is subject to the approval of the Shareholders. The Parties are in agreement that the ESOP shall represent up to 6% of the Company's total share capital at any given time (including any existing comparable incentive schemes) and that the costs thereof shall be borne by all Shareholders pro rata their respective participation in the Company's share capital under the terms and conditions of the ESOP ("ESOP T&C").
1.2 The ESOP T&C, in particular the relevant ESOP Participants, the relevant granting conditions, rights granted, and payments made in case of certain liquidation events etc. shall be determined by the Company's management subject to the approval of the Shareholders, containing the affirmative vote of the Investor.

1.3 For the avoidance of doubt, the Shareholders shall exercise their powers and authorities so as to implement the ESOP set forth in this Sec. 1.

2 Shareholders' Meeting

2.1 The Shareholders undertake to exercise their voting rights in the shareholders' meeting of the Company ("Shareholders' Meeting") so that the provisions set forth in this Shareholders' Agreement are observed and are given effect to the maximum extent permitted by mandatory law.

2.2 With reference to Article 18 §1 of the Articles, the following actions and measures shall require the prior approval of the Shareholders Meeting with the majority of 66.67 % of all votes cast, or such other majority as may be required under mandatory law:

2.2.1 any kind of corporate transformation (including mergers, spin-offs, conversions etc.) in connection with a sale of at least 50% of the shares in the Company or assets with a value of at least 50% of the Company as well as an initial public offering;

2.2.2 any sale and/or transfer or other disposal of shares;

2.2.3 any winding-up, dissolution, liquidation (including the appointment of the liquidator) or similar measure or action that leads to a change of control of the Company;

2.2.4 any issuance of warrants, options or other securities convertible into shares, including, but not limited to, any issuance of shares to financial institutions or lessors in connection with commercial credit arrangements, equipment financings or similar transactions;

2.2.5 any issuance of new shares and authorization of a new class of shares having rights senior to or on parity with common shares

2.2.6 any measures relating to any decrease of the Company's share capital;

2.2.7 adoption or amendment to the articles of association of the Company or the rules of procedure for the Company's management;

2.2.8 appropriation of profits, including any distribution of profits to the shareholders (dividends);
2.2.9 any related party transaction or other conflict of interest matters pertaining to any of the Board Members, managing directors or shareholders of the Company;

2.2.10 and waiver of audit requirement or change of financial year or accounting policies.

2.3 Notwithstanding § 2.2, the following management matters and shareholder matters are subject to the approval by the Shareholders Meeting, containing the affirmative vote of the Investor:

2.3.1 Individual investments in excess of EUR 250,000;

2.3.2 Formation, acquisition, closure, or disposition of subsidiaries or branches (each whether in whole or in part);

2.3.3 Creation of new, or discontinuation of existing, fields of business activities for the Company;

2.3.4 Granting guarantees, security, or any assumptions of liability, each outside the ordinary course of business;

2.3.5 Accepting or granting loans, either in excess of EUR 250,000 or otherwise outside the ordinary course of business;

2.3.6 Trading in financial products, whether as part of a public or private offering;

2.3.7 Hiring an employee with gross annual compensation in excess of EUR 150,000 (including employer social security contributions, bonuses, or other compensation);

2.3.8 Granting any pension commitments to employees unless such granting is required by law;

2.3.9 Engaging in any business activity outside the ordinary course of business that involves a single payment in excess of EUR 10,000 or an anticipated annual amount in excess of EUR 25,000;

2.3.10 Engaging in any business activity outside the ordinary course of business that exceeds a budgeted amount in excess of 10 %;

2.3.11 Admission of a new investor, including conditions for a capital increase if these conditions are more favourable to the new shareholder than those granted to the Investor;

2.3.12 Exemptions from non-compete obligations; and

2.3.13 Exemptions from non-solicitation obligations.
2.4 To the fullest extent permitted by law, resolutions of the Shareholders shall be passed by way of circular resolutions or by way of phone or email or any similar means rather than in meetings with shareholders present.

3 Advisory Board

3.1 If the shareholders resolves so with the affirmative vote of the Investor, the Company shall have an advisory board ("Advisory Board") with up to 3 members. The members of the Advisory Board ("Board Member(s)") shall be free to represent, and act in the interest of, the Shareholders that have appointed them. The member of the Advisory Board shall be appointed by the meeting of the Shareholders.

3.2 The Advisory Board shall decide on the allocation of any virtual options under the ESOP and/or ESOP T&C. Such decision of the Advisory Board shall be passed with simple majority of the votes cast. Furthermore, the Advisory Board shall decide on any matters assigned to it by the shareholders' meetings with the approval of the Investor.

4 Pre-Emption Right

4.1 In the event that a Shareholder ("Shareholder Willing to Assign") intends to assign or transfer its shares in the Company (in whole or in part) to a third party (including another Shareholder) ("Assignee") ("Assignor Shares"), the other Shareholders are entitled to acquire such Assignor Shares on a pro rata basis of their interest in the share capital of the Company in accordance with the provisions stated below ("Preemption Right"):

4.1.1 The Shareholder Willing to Assign shall notify the other Shareholders (including the Assignee if he is a Shareholder) ("Preemptors") as well as the management of the Company in text form by stating the following ("Notice of Assignment"):

4.1.1.1 Name / Company name and seat of business or address of the Shareholder Willing to Assign respectively;

4.1.1.2 Name / Company name and seat of business or address of the Assignee respectively;

4.1.1.3 Purchase price or other consideration for the Assignor Shares respectively;

4.1.1.4 Due date of the purchase price or of such other consideration respectively;

4.1.1.5 Number and nominal amounts of the Assignor Shares intended for assignment; and
4.1.1.6 if applicable, warranties and guarantees taken over by the Shareholder Willing to Assign.

4.1.2 Each Preemptor may exercise his pro rata Preemption Right only completely and within one month after he has received the Notice of Assignment ("Exercise Period") and only through a statement per text form to the management of the Company.

4.1.3 After the Exercise Period has expired, the management of the Company shall promptly notify the Shareholder Willing to Assign and the Preemptors about the result of the exercise of the respective Preemption Rights and of the present distribution of the Assignor Shares among the Preemptors willing to acquire in text form ("Notice of Exercise").

4.1.4 If a Preemptor does not exercise his right in the partial acquisition of the Assignor Shares within the Exercise Period pursuant to Section 4.1.2, the other Preemptors who have exercised their rights are further entitled to acquire the part of the Assignor Shares falling to that Preemptor on a pro rata basis of their interest in the share capital of the Company (without taking into account the shares of the Shareholders not exercising their Preemption Right) ("Extended Preemption Right"). Such Extended Preemption Right may only be exercised completely and within 2 (two) weeks after the other Preemptors have received the Notice of Exercise ("Extended Exercise Period") by statement per text form to the management of the Company. Section 4.1.3 shall apply accordingly.

4.1.5 In case Preemption Rights have been exercised in due form and time pursuant to Section 4.1.1 through 4.1.4, the Shareholder Willing to Assign and the Preemptor willing to acquire are committed immediately to conclude a contract with each other on the purchase and transfer of shares to be recorded by a notary for all Assignor Shares according to the distribution stated in the Notice(s) of Exercise and at the purchase price and on the terms stated in the Notice of Exercise provided the other conditions (particularly guarantees, limitation on liability, statute of limitation) comply with the normal standards of contracts.

4.1.6 If the Preemption Rights have not been exercised pursuant to Sections 4.1.1 through 4.1.4 in due form and time or not completely for all Assignor Shares, the Shareholder Willing to Assign is entitled, by taking Section 8 into account, to assign all remaining Assignor Shares within a period of another 2 (two) months to the Assignee on the terms stated in the Notice of Assignment after the Extended Exercise Period has expired.
4.2 The Preemption Right shall apply accordingly to the transfer of the Assignor Shares by way of exchange or gift. In case of an exchange, the market value of the object of exchange and at a transfer by way of gift, the market value of the Assignor Shares replaces the purchase price. The Shareholder Willing to Assign shall communicate the market value to the Preemptors. In the event that disputes arise between the Shareholders in view of the market value of the object of exchange or that of the Assignor Shares to be given away, such dispute shall be settled by an independent auditing company, which is appointed as an arbitration expert (hereinafter "Expert") and not as an arbitrator by the majority of the Shareholders' votes. The market value of the object of exchange or that of the Assignor Shares to be transferred, which is fixed by the Expert, is final and binds the Parties (hereinafter "Binding Market Value"). If the Shareholders are not able to agree on an auditing company as an expert, such Expert shall be appointed by the President of the Dutch Chamber of Commerce at a single Shareholder's request. In addition, the Expert shall decide on the distribution of his costs (including the costs already paid by one Party in advance) by taking into account the deviation of the Binding Market Value from the valuations issued by the Shareholder Willing to Assign and the Preemptors. Notwithstanding Section 4.1.2, the Exercise Period shall expire in that case 2 (two) weeks after such Binding Market Value has been communicated to the Shareholders.

4.3 The Shareholder Willing to Assign may not withdraw its offer of the Assignor Shares pursuant to Article 13 §11 of the Articles.

5 Anti-Dilution Protection

5.1 In case that an increase of the Company's registered share capital is implemented and new Shares are issued at a price per Share lower than the Seed Share Price, i.e. lower than EUR 33,361.00 (hereinafter referred to as "Downround"), the Investor shall be entitled to a (narrow-based) weighted average anti-dilution protection according to the following provisions.

5.2 In the event of a Downround, the Investor shall be entitled to subscribe to new Seed-Shares at the nominal value of EUR 1.00 per Share (without obligation to pay a premium or to make payments into the capital reserve) (hereinafter referred to as "Compensatory Capital Increase") pursuant to the terms of this Section 5. The number of new Seed-Shares (hereinafter referred to as "Compensatory Shares") to be issued to the Investor shall be calculated based on the formula stated in Section 5.3 below. Following such Compensatory Capital Increase, the average share price paid by the Investor for their new Seed-Shares and their Compensatory Shares shall be equal to the weighted average of the share prices paid by the Investor and the purchaser of new shares in the Downround.
5.3 The following formula shall apply to the calculation of the number of Compensatory Shares to be issued to the Investor:

\[ L = \frac{P}{(P + Q) / (N + M)} - N \]

- \( N \) shall mean the number of Seed-Shares held by the investor immediately prior to the Downround
- \( P \) shall mean all investments made by the Investor with respect to their Seed-Shares, i.e. contributions to the registered share capital and/or into the free capital reserves
- \( M \) shall mean the number of Shares which the third party investor has subscribed to in the Downround
- \( Q \) shall mean all investments made by the third party investor in the Company, i.e. contributions to the registered share capital and/or into the free capital reserves, in connection with the Downround
- \( L \) shall mean the number of Shares which must be issued to the investor at the nominal value of EUR 1.00 per share (without obligation to pay a premium or to make payments into the capital reserve).

5.4 If the Investor exercises its right to anti-dilution protection according to this Section 5, all other Shareholders which are not entitled to exercise the anti-dilution protection shall be obliged to take all measures in order to implement the anti-dilution protection and to waive their statutory subscription and pre-emption rights as far as required.

5.5 The right to anti-dilution protection provided in this Section 5 shall not apply to Shares issued or deemed issued in connection with (i) an acquisition of another business or (ii) a transaction not involving a financing, such as a strategic alliance, provided in either case that the transaction is approved by the Investor.

5.6 If the Shares in the Company will be subdivided into a greater number of Shares or consolidated into a lesser number of Shares, the respective Seed Share Price shall be adjusted accordingly.
6 Transfer Restrictions

6.1 Any transfer of shares in the Company shall only be valid upon approval of the shareholders' meeting with a majority of at least 66.67% of the votes of all Shareholders and the approval of the Investor. This approval requirement shall apply accordingly for any conclusion, amendment, termination or transfer of a sub-participation, a silent partnership, a trust, a liens, a participation in the profits, a beneficial interest, a legal relationship which connects the exercise of corporate rights to a third party as well as any other legal relationship similar or comparable to any of the aforementioned transactions. The Shareholder who has requested consent to a disposition, is entitled to vote.

6.2 The shareholders' meeting is committed to give its consent to the transfer of Shares to the extent that a Shareholder transfers his shares in accordance with the provisions of this Agreement, in particular with Section 11 (Call-Option for the Leaving Shareholder), Section 4 (Preemption Right), Section 8 (Tag Along Right), Section 9 (Drag Along), and Section 14 (Scope of Application/ Accession).

6.3 With the exception of a transfer of shares pursuant to Section 11 (Call Option), Section 8 (Tag Along Right), Section 9 (Drag Along) and in case of an Exit (as defined in Section 10), the shareholders' meeting shall not be committed to give its consent to (a) any transfer of Shares by an Existing Shareholder within a period of 2 (two) years after the recording of this Agreement or (b) any transfer of more than 50% of the Shares in one or several transactions held by an Existing Shareholder the time period between the first and the third anniversary of the date of the recording of this Agreement. After the expiry of the three-years period since the recording of this Agreement, Section 6.2 shall also apply to any transfers of shares by an Existing Shareholder.

6.4 The prior consent of the shareholders' meeting with a majority of at least 66.67% of the votes of all Shareholders and the approval of the Investor shall be required for any transfer of shares in an Existing Shareholder by any of the Founders ("Vehicle Lock-Up"). The Shareholder who has requested consent to a disposition, is entitled to vote. In case of a breach of the Vehicle Lock-Up, any of the Existing Shareholders, as the case may be, shall, upon the written request of the other Shareholders, be obliged to sell and transfer all of its shares in the Company to all other Shareholders pro rata to the respective shareholding of the Shareholders in the Company for a share price equaling the nominal value of the transferred shares ("Lock-Up-Call-Option"). The Lock-Up-Call-Option can only be exercised towards the respective Existing Shareholder in text form within a term of 6 (six) weeks after the other Shareholders have been informed about the breach of the Vehicle Lock-Up.
7 Subscription Right

7.1 Each Shareholder shall have a subscription right to participate in any future increase of the Company’s share capital by subscribing to Shares or other securities (“Future Financing Series”) to be issued through such Future Financing Series on a pro rata basis in relation to its respective participation in the Company’s share capital (“Subscription Right”).

7.2 Each Shareholder exercising its Subscription Right shall be entitled to extend such Subscription Right and, accordingly, to subscribe to additional Shares (beyond the applicable pro rata basis) to the extent that other Shareholders do not exercise their respective Pre-Emptive Right (“Extended Subscription Right”). If more than one Shareholder exercises its Extended Subscription Right, each such Shareholder shall be entitled to subscribe to additional Shares on a pro rata basis in relation to his respective participation in the Company’s share capital inter se.

7.3 The Subscription and Subscription Pre-Emptive Right shall not apply,

7.3.1 to the issuance of Compensatory Shares;

7.3.2 to the issuance of virtual shares (or rights thereto) to key or other employees, consultants, advisers, other service providers or managing directors of the Company pursuant to the ESOP or an employee incentive program (or similar) approved by the Advisory Board;

7.3.3 to the issuance of Shares to financial institutions or lessors in connection with commercial credit arrangements, equipment financings or similar transactions approved by the Shareholders’ Meeting;

7.3.4 to the issuance of Shares in connection with an acquisition of another entity approved by the Shareholders’ Meeting;

7.3.5 to the issuance of Shares with the purpose of implementing a valid redemption of Shares approved by the Shareholders’ Meeting; or

7.3.6 to the issuance of Shares pursuant to the Investment Agreement.

7.4 To the extent a Shareholder does not exercise its Subscription or Extended Subscription Rights, such Shareholder shall be obligated to irrevocably waive any and all anti-dilution, Subscription Rights, Extended Subscription Rights, rights of first-refusal and other adjustment or participation rights which they may have, including, but not limited to, their respective subscription rights and any other rights under the articles of association or this Shareholders’ Agreement, and/or applicable law regard-
ing the issuance of, and the subscription to new Shares to be issued through the applicable Future Financing Series.

8 Tag-Along Right

8.1 In the event that any Shareholder (the "Tag Selling Shareholder"), intends to transfer its Shares to a buyer, in whole or in part, with or without consideration, all other Shareholders shall have the right to sell along and transfer or convert their Shares on a pro rata basis to the prospective buyer at the terms and conditions agreed between the Tag Selling Shareholder and the prospective buyer for the Sale Shares ("Tag-Along Right").

8.2 If the Tag Selling Shareholder intends to sell Shares, the respective terms and conditions agreed between the Tag Selling Shareholder and the prospective buyer shall be relevant for the respective Tag-Along Right of the other Shareholders.

8.3 The Tag-Along Right shall be exercised by written notice sent by registered mail to the Tag Selling Shareholder within a time period of four (4) weeks after receipt of the Transfer Notice and shall state the maximum number of shares that the respective other Shareholder requests to be sold and/or transferred to the prospective buyer.

8.4 If the prospective buyer does not wish to purchase all the Shares that the Shareholder entitled to exercise the Tag-Along Right wishes to sell, the Tag Selling Shareholder shall notify the Shareholders exercising their Tag-Along Rights of the prospective buyer's wish and the relevant Shareholders exercising their Tag-Along Rights must declare to the Tag Selling Shareholder, within two (2) weeks of the receipt of the notification, whether they still intend to sell all of their Shares, or whether they intend to demand the sale of their Shares on a pro rata basis, or whether they decided not to exercise their Tag-Along Right. If the prospective buyer does not wish to purchase the entire Shares the Shareholders are willing to sell, the Tag Selling Shareholders and the Shareholders exercising their Tag-Along Right shall sell their Shares pro rata to their participation in the Company on the day of receipt of the Transfer Notice except for the Investor. The Investor shall always have the right to sell all of its Seed Shares to the prospective buyer.

9 Drag-Along Right

9.1 In case Shareholders with a majority of at least 66.67% of the votes of all Shareholders and the Investor decide to sell and transfer their shares in the Company (the "Selling Shareholders"), the Selling Shareholders shall be entitled to request that the other Shareholders also sell and/or transfer their shares on the same economic conditions (other than guarantees and obligations) to a prospective unaffiliated third party interested (the "Third Party Acquirer") within the scope of a share sale (including exchange) or transformation at a purchase price which at least ex-
ceeds the amount of the total investment (capital contributions on the nominal value of the Shares plus any additional payments into the capital reserves of the Company including convertible loans of the purchase price to which such Shareholder is entitled).

9.2 The Drag Along Right shall apply mutatis mutandis in case the purchase price paid by the Third Party Acquirer values the whole Company at EUR 50,000,000.00 (in words: Euro fifty million) or more and the Investor decides to sell and transfer its shares in the Company.

9.3 In case of the exercise of the Drag Along Right, the liquidation preference pursuant to Section 12 shall apply.

9.4 The Drag-Along Right may be exercised only if

9.4.1 the acquiring party is willing to acquire at least 50.1% of the Shares;

9.4.2 a cash payment has been agreed as consideration for the Shares; and

9.4.3 the transaction shall be consummated within 120 days after the Selling Shareholder(s) has notified the other Shareholders of its Drag-Along Right.

9.5 The Shareholders may appoint one or several persons/parties by way of a shareholders’ resolution with a majority of at least 66.67% of the votes of all Shareholders and the approval of the Investor who shall be entitled to negotiate the terms and conditions of the sale with potential purchasers, taking into consideration the negotiation aim of a high purchase price (“Negotiation Representative”). If the Shareholders appoint a Negotiation Representative, they shall specify in the respective shareholders’ resolution the scope of the power of attorney to be granted to the Negotiation Representative, as well as any limitations, and agree on how to allocate external consultancy costs. For the avoidance of doubt, the Parties acknowledge and agree that the Negotiation Representative shall not be authorized to conclude any sales contract if not otherwise agreed by all Parties in writing.

10 Liquidation Preference

10.1 In case (i) of any sale of at least 50% of all shares in the Company, or a swap or a take-over of the Company in an economically comparable way in a single or a series of two or more related transactions or in close time proximity to one another, or (ii) the sale of all or substantially all material assets of the Company, or (iii) the exclusive out-licensing of all or substantially all material assets, or (iv) of the liquidation of the Company or (v) of any sale or transfer of shares in the Company either to third parties or other Shareholders that would result in either more than 50% of the share capital or more than 50% of the voting rights being owned
by the acquiring party/parties (change of control) as a result of one or more related acquisitions (each of the events described in (i), (ii), (iii), (iv) and (v) is hereinafter referred to as a "Liquidity Event" or as "Exit"), the proceeds ("Exit Proceeds") will be distributed to the Shareholders in accordance with this Section 10.

10.2 In case of a Liquidity Event, the Exit Proceeds shall be distributed as follows:

10.2.1 On a first level, the Investor shall be entitled to – at its sole election – either:

(a) receive an amount equal to its respective total investment actually invested in the Company (i.e. nominal amount on the share capital plus additional payments) plus an accumulated interest of 6.00% p.a. net of dividend payments that have been paid out to the Investor as of the date of actual payment of the respective total investment amount ("Liquidation Preference"); or

(b) participate in the Exit Proceeds pursuant to the next subparagraph without any entitlement to the Liquidation Preference.

10.2.2 After the payments on the Liquidation Preference have been made, if any, the remaining Exit Proceeds shall be allocated on a second level (the "Second Level") to all disposing Shareholders (for the avoidance of doubt, excluding the Investor if the Investor elected to receive payment on the Liquidation Preference pursuant to subparagraph (a) of Section 10.2.1 above) pro rata corresponding to the nominal value of the respective shares disposed of by them in connection with the Liquidity Event.

10.3 The preferred allocation on the Liquidation Preference applies for the benefit of the Investor so long as the Investor (including any sales prior to a Liquidity Event) has not yet received the full amount that is to be allocated to the Investor according to the Liquidation Preference, provided that any proceeds received by the Investor in course of a transfer other than a Liquidity Event shall not count for purposes of this Section 10 and shall not reduce any claims of the Investor under or in connection with this Section 10. If the Exit Proceeds do not suffice for the payments on the Liquidation Preference, the proceeds for any subsequent sale of shares in the Company (irrespective of whether or not such sale is made in course of a Liquidity Event) shall be allocated in accordance with the Liquidation Preference until the Investor has received the full amount that is to be allocated to such Investor according to the Liquidation Preference.
10.4 The provisions of Sections 10.1 through 10.3 above apply mutatis
mutandis to all kinds of distributions or allocations of proceeds or in case of
a merger if the Shareholders hold a total of less than 50% in the new le-
gen entity after the merger, or in case of liquidation with regard to the li-
quidation proceeds. In particular, in case of dividend payments, all
Shareholders agree that such dividend payments shall be distributed by
and among the Shareholders according to Sections 10.1 through 10.3.
In case of any such dividend distribution, such distributions shall reduce
the amount of Exit Proceeds distributed on the Liquidation Preference
allocation in a future Liquidity Event accordingly. The Parties agree that
the disproportional allocation of dividends shall be implemented in the
articles if the Investor deems it necessary in order to achieve a tax effi-
cient treatment of the dividend distribution.

10.5 The provisions of Sections 10.1 through 10.4 above shall be deemed as
an agreement between the Shareholders amongst themselves, even if
in case of a Liquidity Event or a subsequent transaction, something dif-
f erent is agreed with the purchaser of the shares, or if in the case of the
disposition of all or substantially all assets of the Company something
different is agreed upon with the purchaser. The Shareholders will pro-
cure by instructing a trustee or in another way that the preferred alloca-
tion of the Exit Proceeds for the benefit of the respective investor as set
forth in this Section 10 shall be complied with.

10.6 In case of a transfer of shares which does not constitute a Liquidity
Event, the preference rights under this Section 10 shall pass on to the
acquirer of the shares. It is being understood that this shall not result in
any increase or reduction of the amount of Exit Proceeds to be allocated
to the Shareholders pursuant to this Section 10.

11. Bad-Leaver-Event/Call-Option

11.1 In case any Bad-Leaver-Event (as defined in below) occurs in respect of
THF or BG (each a “Manager”), the Investor shall have the right to de-
mand that 100% of the shares in the Company held by the respective
Manager or the investment vehicle of the respective Manager (i.e., in
case of THF: T. Horeman Beheer B.V.; and in case of BG: Groosman co
B.V.) shall, subject to Section 11.5, be offered and upon acceptance thereof transferred to the Company (if legally permissible) or to the other
Shareholders pro rata to their shareholding in the Company at the time
the Bad-Leaver-Event occurs (each a “Beneficiary” and collectively the
“Beneficiaries”). In case of a transfer to more than one Party, the other
Shareholders shall make reference to the numbers and the nominal
amounts of the shares to be transferred to the respective Beneficiary.
The remaining Shareholders shall waive their respective rights of first re-

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11.2 A “Bad-Leaver-Event” shall be, in respect of a Manager, (i) the termination of (where applicable) his or her employment agreement, management agreement or consultancy agreement with the Company (a) by the Company in the event of fraud or deception on the part of such Manager; or (b) by the Company on the grounds of a reason similar to an urgent reason as referred to in Article 7: 678 of the Dutch Civil Code; or (ii) voluntary leave of such Manager without mutual termination/cancellation of his or her employment agreement, management agreement or consultancy agreement with the Company during a period of two (2) years after the Start Date (save for any (temporary) leave or termination of his or her employment agreement, management agreement or consultancy agreement because of death or disease of such Manager, or because of death or disease of his or her spouse, registered partner (geregistreerd partner) or any natural person related by blood or affinity in the first degree).

11.3 In case of a Bad-Leaver-Event in respect of a Manager, the purchase price for the shares of such Manager or his investment vehicle (“Call-Option Purchase Price”) shall amount to the lower of (i) the nominal value of the shares and (ii) the current market value of the shares at the time of the occurrence of the Bad-Leaver-Event.

11.4 Unless the Manager and the other Shareholders agree otherwise, the current market value shall be determined by an auditor acting as expert (“Expert”) with binding effect for the Parties. The Expert shall be appointed by the respective Manager and the Investors’ Majority jointly, and in case the Manager and the Investors’ Majority cannot agree on an Expert, by a mediator registered at Mediatorsfederatie Nederland (MIN). The Expert shall also determine the applicable principle of business valuation taking into account (i) the generally accepted evaluation principles (comparable to the standard IDW S 1 in Germany) in the Netherlands and (ii) the particular situation (including the revenue situation) of the Company as a start-up company. The costs of such valuation shall be borne by the Company.

11.5 THF, BG, T. Horeman Beheer B.V. and Groosman & Groosman B.V. hereby independently and separately offer and are committed towards the other Shareholders, to sell and – subject to the payment of the Call-Option Purchase Price – assign all shares held by him/it which are subject to a Bad-Leaver-Event (“Call-Option Shares”) on demand of the Investor in text form to the respective Beneficiary or Beneficiaries (“Call Option”).

11.6 The Call-Option can only be exercised towards T. Horeman Beheer B.V. or Groosman & Groosman B.V. on the Investor’s demand in text form within a term of 6 (six) weeks after occurrence of a Bad-Leaver-Event (“Call-Option Exercise”).

11.7 Section 4 (Preemption Right) and Section 8 (Tag Along Right) of this Agreement do not apply to the transfer of the Call-Option Shares pursuant to this Section 11.
11.8 If and insofar the Call-Option Shares are sold and assigned to the other Shareholders in full or in parts according to the provision of this Section 11, the Call-Option Purchase Price shall be due for payment within ten (10) Business Days after notarization of the respective share purchase agreement(s).

11.9 If and insofar the Call-Option Shares are sold and assigned to the Company in full or in parts according to the provision of this Section 11 and according to the instructions by the Investor, the Call-Option Purchase Price shall be paid in 3 (three) equal instalments by the Company. The first installment is due for payment 1 (one) month after the Call-Option Exercise. Each further installment is due 3 (three) months after the due date of the preceding installment. Each installment bears interest of 2 (two) percentage points above base rate accruing from the date of the exercise of the Call Option. Interest shall be paid together with the corresponding installment. The Company is entitled to pay the Call-Option Purchase Price fully or partially prematurely. From the date of the Call-Option Exercise to the date of the total payment of the Call-Option Purchase Price pursuant to this Section 11.13, the voting rights pertaining to the Call-Option Shares are suspended.

11.10 After the end of the second year after the Start Date, the Call Option pursuant to this Section 11 shall cease to exist.

11.11 If the aforementioned Call Option Purchase Price shall be held to be void or unacceptable by a binding court ruling, then the lowest legally permissible Call Option Purchase Price shall be granted.

11.12 The Call Option shall lapse in case of the closing of a Liquidation Event.

12 Information Rights

12.1 The Company shall provide each Shareholder with the following information:

12.1.1 audited annual financial statements within 120 days after the end of the respective business year;

12.1.2 unaudited quarterly management accounts with a comparison to the respective annual budget and operating plan within 30 days after the end of the respective quarter;

12.1.3 unaudited monthly management accounts (BWA) in a format to be agreed by the Advisory Board within 15 days after the end of the respective month; and

12.1.4 an annual budget and operating plan no later than 60 days prior to the commencement of the respective business year.
12.2 The Company shall permit each Shareholder, their employees, counsels and other authorised representatives being subject to secrecy duty by law or being subject to a contractual non-disclosure or confidentiality agreement, to visit and inspect the premises of the Company, to inspect its books of account, records, documents, correspondence and any other information, and to discuss its affairs, finances and accounts with the Company’s officers and its independent public accountants, in each case at reasonable times upon reasonable notice with due regard to the Company’s interest to not unduly disrupt, or interfere with, its ordinary business.

12.3 Statutory information rights remain unaffected.

12.4 All transactions and dealings between the Company and its Shareholders and/or members of senior management shall reflect market conditions and be made at arm’s length terms.

13 Intellectual Property

13.1 For the purposes of this Shareholders’ Agreement, (i) “IP Rights” shall mean any and all intellectual property rights, whether registered or not registered, and similar rights, in particular patents, patent applications, utility models, design rights, copyrights (including without limitation software and related source and object code) and ancillary copyrights (including without limitation rights to non-creative data bases), rights in trademarks, trade names, domain names, brand names, corporate names, logos, titles, technology, business plans, topographies rights deriving from corresponding applications and registrations of such rights as well as rights in and entitlements to these rights; (ii) “Field of Business” shall mean the Company’s or its affiliates business.; and (iii) “Company Proprietary Information” shall mean any information relating to the Field of Business, including without limitation, information relating to sales, customers, marketing strategies; present and future products, services, trademarks, internet domains; business plans, financial and personnel matters of Company or its affiliates; technical matters of Company or its affiliates, such as source and object codes, data, programs, inventions, know-how, processes, designs, or techniques, the foregoing to the extent such information has not become generally known to the public without breach of a confidentiality obligation, including without limitation, the confidentiality obligation addressed in Sec. 15 below.

13.2 Each of the Founders and the Existing Shareholders (“IP Guarantors”) herewith represent and warrant that the Company holds all IP Rights necessary to conduct its business and used in its Field of Business.

13.3 The IP Guarantors hereby transfer and assign, as a precautionary measure, for the event that such transfer or assignment has not taken place or has failed in the past, to the Company to the broadest extent legally possible any and all of their rights in such IP Rights as described
in Section 13.2, irrespective of how these rights were obtained by the IP Guarantors. The Company accepts such transfer and assignments.

13.4 To the extent that the assignment of IP Rights pursuant to section 13.3 above is not legally possible, each of the IP Guarantors hereby grants to Company an irrevocable, perpetual, worldwide, exclusive, transferable, sublicensable through multiple tiers of sublicensees and unrestricted right to use such rights, including without limitation, the right to reproduce, distribute, make publically available, to create derivative works or otherwise change or modify, to translate into foreign languages, or otherwise use their respective IP Rights or parts thereof in any medium in analog or digital form or in any mode of exploitation–known or unknown at the time of the signature of this Agreement–for any purpose whatsoever within the Field of Business. The Company accepts such license grants.

13.5 With respect to the IP Rights used in the Field of Business originating from it, each of the IP Guarantors hereby waives and confirms to have obtained waiver from any individual involved by it in the creation of the relevant IP Right in any moral rights associated therewith, the foregoing to the extent legally possible.

13.6 Each of the IP Guarantors acknowledges that the Company Proprietary Information, regardless of whether conceived by the individual IP Guarantor or not, is the sole property of the Company and hereby confirms that he has not and will not make any unauthorized use or disclosure of it. Sec. 13 shall apply mutatis mutandis.

13.7 The assignments and the licences pursuant to this Sec. 13 are granted free of charge and the Company is not obliged to pay any fees to the IP Guarantors for its use, given that the IP Guarantors participate indirectly in the proceeds from the IP Rights by means of the shares they directly or indirectly hold in the Company.

13.8 Where the aforementioned assignments and the licences pursuant to Sec. 13 require any further deeds, acts or declarations to entitle the Company or its assignees to ensure the entire and exclusive use and advantages of the work results and works and the proceeds thereof, the IP Guarantors agree to give and make any such deeds, acts and declarations forthwith. Any costs accruing in this context shall be borne by the Company.

13.9 At the request of the Company, the IP Guarantors shall employ all reasonable efforts to demonstrate and explain all IP Rights as well as any knowledge or work results to an expert named by the Company and answer all questions such expert may have, and shall make available to the Company all their documentation on IP Rights and know-how.
14 **Scope of Application/Accession**

14.1 The Parties shall endeavour to procure that all present and future shareholders of the Company are also parties to this Shareholders' Agreement for the duration of this Shareholders' Agreement. The Parties hereby submit to any individual or legal entity who is admitted to acquire or assume Shares in the Company, the offer to accede to this Shareholders' Agreement and — except for the Company — waive the receipt of the acceptance declaration. Any acceding party — as prospective future shareholders — shall make the acceptance of this offer in notarial form to the Company with effect for all Parties and the Company shall inform the other Parties without undue delay of such accession. The accession shall only be valid, if made without conditions, additions or other modifications of this Shareholders' Agreement and if the new shareholder enters into the legal position of its predecessor in title.

14.2 All rights and obligations arising under this Shareholders' Agreement shall commence for the Parties on the date hereof or, in case of future shareholders of the Company on the date of which their accession here-to becomes effective.

14.3 This Shareholders' Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors, permitted assignees and other transferees, including persons who purchase or receive Shares from a Shareholder, and the Parties hereto agree for themselves and their respective heirs, executors, administrators, successors, permitted assignees and other transferees to execute any instruments which may be necessary or proper to carry out the purposes and intent of this Shareholders' Agreement.

14.4 Notwithstanding any restrictions on the disposal of Shares under this Shareholders' Agreement, all contracting Parties undertake to transfer their Shares (e.g. after termination of a trust agreement or upon intra group transfer) only to such person and/or legal entity who by written declaration towards the remaining Parties undertake to enter into all rights and obligations in accordance with this Shareholders' Agreement.

15 **Non Compete**

15.1 Each of the Existing Shareholders and of the Founders shall not directly or indirectly pursue any business activity that is competitive to the Company's business activity, acquire shares or invest in or otherwise support any undertaking competing with the Company's business field regardless whether for his own or a third party's account while he is a shareholder of the Company.

15.2 § 15.1 shall not apply with respect to shareholdings in a company listed at a stock exchange that do not represent more than 2% of all shares of
such company and do not confer any influence on the bodies of the respective company.

15.3 In the event of a breach of the non-competition covenant provided for in § 15.1, the respective Shareholder in breach shall be subject to a contractual penalty to be paid to the Company in the amount of EUR 20,000 for each time of a breach. Every two-week period for which the breach continues to subsist shall constitute an individual and separate breach of such non-compete covenant. The right to claim further damages or the undertaking by the Shareholder to cease and desist shall not be affected by the payment of the contractual penalty. The contractual penalty shall be set off from any further damages.

15.4 The non-compete covenant provided for in this § 15 shall survive the date at which the respective Shareholder ceases to be a shareholder of the Company for 24 months.

16 Non Solicitation

16.1 Each of the Existing Shareholders and the Founders shall furthermore be obliged not to cause, solicit, induce, persuade or entice (i) any current employee or other staff member of the Company, or any employee or staff member employed by the Company in the past six (6) months from time to time, to terminate their employment contract with the Company, or to start an employment relation with a competing entity or business, or (ii) any third party, that currently provides services or products to the Company, or has done so in the past six (6) months from time to time, to terminate the business relations with the Company, or to work for a competing entity or business, or (iii) any person, who engages, or has engaged within the past six (6) months from time to time, the Company's services or products, to decrease or terminate the business relations with the Company, or to initiate or increase business relations to a competing entity or business.

16.2 In the event of a breach of the non-solicitation covenant provided for in this § 16, § 15.3 shall apply mutatis mutandis.

16.3 The non-solicitation covenant provided for in this § 16 shall survive the date at which the Shareholder ceases to be a shareholder of the Company for 24 months.

17 Confidentiality, Press Release

17.1 The Shareholders mutually undertake to keep all present and future information in connection with this Shareholders’ Agreement and the Company at any time secret and confidential for as long as they remain shareholders of the Company and at least two (2) years thereafter, except for Company’s or its affiliates’ trades secrets which shall be kept in confidence until such information falls into the public domain or for which the relevant Shareholder is otherwise no longer subject to a valid and
enforceable confidentiality obligation. However, (A) the Parties are entitled to disclose information (i) to their affiliated companies or controlling entities or controlled entities, (ii) in relation to employees or advisors of each Party and the commercial banks which in turn are subject to comparable confidentiality obligations, (iii) in relation to tax and other public authorities, to the extent stipulated by statutory law, a request of a court or administrative authority and (iv) to the extent necessary or required under statutory law and regulations or stock exchange rules binding on the disclosing Party and (B) the Company is entitled to disclose information to a third party that intends to acquire a direct or indirect participation in the Company, provided that such third party signs a corresponding confidentiality undertaking.

17.2 Any notification to the public, for the avoidance of doubt, in connection with this Shareholders’ Agreement shall be mutually coordinated between the Shareholders.

18 Notices

18.1 Unless stipulated otherwise in this Shareholders’ Agreement, all declarations, notices or other communications hereunder (“Notices”) shall be made in writing in English, and delivered to the person at the addresses set forth in Section 10 of the Investment Agreement (“Notification Addresses”), or such other addresses as may be designated by the respective Party to the other Parties in the same manner. The time of effectiveness of such declaration, notice or other communication shall be determined as follows: (a) upon personal delivery to the party to be notified, (b) when sent by confirmed electronic mail or facsimile if sent during normal business hours of the recipient, if not, then on the next business day, (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, if notice is being given to a resident of the same country as the giver of such notice, or three (3) days after deposit with an internationally recognized courier, specifying priority delivery, if notice is being given to a resident of a different country as the giver of such notice, in each case with written verification of receipt.

18.2 Each Party shall inform the other Parties about any change of its address as soon as possible. Until a Party has been informed about a change of address in accordance with the provisions of this Sec. 18, the last address communicated in accordance with this Sec. 18 shall be relevant.

19 Interpretation and Definitions

19.1 Unless stipulated otherwise in this Shareholders’ Agreement, terms defined in this Shareholders’ Agreement and its Annexes shall be interpreted and construed consistently and have the same meaning throughout this Shareholders’ Agreement and its Annexes.
19.2 The headings contained in this Shareholders' Agreement are for convenience and reference purposes only and shall not affect the meaning or construction of any of the provisions hereof.

19.3 The Preamble and all Annexes attached hereto form an integral part of this Shareholders' Agreement.

20 Miscellaneous

20.1 This Agreement ends if only one of the Shareholders remains invested in the Company or if the Investor is no longer Shareholder; however, at the end of 15 (fifteen) years as from the day this Agreement is executed at the latest. If a Shareholder leaves the Company for whatever legal reason, his rights and duties under this Agreement cease when his leaving as a Shareholder has taken effect, unless otherwise expressly provided in this Agreement.

20.2 This Agreement cannot be terminated in due form before the end of the term. However, the Parties' right to termination for good cause shall remain unaffected thereby.

20.3 In the event of the death of one of the Shareholders, the rights and obligations under this Agreement shall devolve on his heirs.

20.4 In the event of the gift of shares in the Company by means of a legacy, the testator and the heirs shall make the transfer of the shares dependent upon the beneficiary of the legacy becoming party to this Agreement.

20.5 In the event of insolvency or liquidation of a Shareholder this Agreement shall remain in force. If and to the extent the insolvent or liquidated Shareholder by mandatory law or pursuant to express provisions of this Agreement ceases to be bound by this Agreement, this Agreement shall remain in force among all other Shareholders.

20.6 This Shareholders' Agreement (including all Annexes) contains the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior agreements and understandings with respect thereto.

20.7 There are no collateral oral agreements. Amendments to this Shareholders' Agreement, including this written form requirement must be made in writing in order to become enforceable and effective, unless mandatory law requires a stricter form.

20.8 In the internal relationship of the Parties between each other, the provisions in this Shareholders' Agreement will take precedence over the provisions of the Articles.
20.9 Any single rights and/or single obligations (e.g. payment obligations, information rights etc.) defined under this Shareholders' Agreement cannot be transferred or assigned in whole or in part without the prior written consent of the other Parties hereto.

20.10 In the event any provision hereof is or shall become invalid or unenforceable, the validity of the other provisions shall remain unaffected. In lieu of the invalid or unenforceable provision, such valid and enforceable provision shall be deemed to be agreed upon which closely corresponds to the intended economic purpose of the invalid or unenforceable provision. The same shall apply to any supplementary interpretation of any of the terms of this Shareholders' Agreement. In the event any provision hereof is or shall become invalid or unenforceable due to the fact that such provision is not included in the Articles, the Shareholders shall take all actions required by law, the Articles, byelaws or other corporate regulations to validly implement such provision in the Articles.

20.11 Each of the Parties confirms that this Agreement does not relate closer to any country or jurisdiction other than the Netherlands and its laws.

20.12 All disputes arising in connection with this Agreement or its validity shall be finally settled in accordance with the Arbitration Rules of the German Institution for Arbitration in Cologne (DIS – Deutsche Institution für Schiedsgerichtsbarkeit), as amended from time to time without recourse to the ordinary courts of law. A potential sale of all shares in the Company by an Existing Shareholder or an Investor will not affect the ongoing binding effect of this arbitration provision for the respective Party. The exclusive place of arbitration shall be Frankfurt am Main, Germany. The number of arbitrators shall be three (3). The language of the arbitral proceedings shall be English. The applicable substantive law shall be the laws of the Netherlands. Each Party is obliged to plead the statute of arbitration clause with regard to any lawsuit brought to the ordinary courts of law and referring to disputes which are covered by this arbitration provision. The right to file for injunctive relief at the ordinary courts or law remains unaffected.
## M. Glossary

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<thead>
<tr>
<th>Abbreviation</th>
<th>Definition</th>
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<tr>
<td>Abs.</td>
<td>Absatz / Paragraph</td>
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<tr>
<td>AG</td>
<td>Aktiengesellschaft (Public limited company)</td>
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<td>AT</td>
<td>Austria</td>
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<tr>
<td>B.V.</td>
<td>Besloten Vennootschap (Private Limited Company)</td>
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<td>B2B</td>
<td>Business to Business</td>
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<td>BaFin</td>
<td>Bundesanstalt für Finanzdienstleistungsaufsicht (Federal Financial Supervisory Authority)</td>
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<tr>
<td>BG</td>
<td>Benno Groosman</td>
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<td>BGB</td>
<td>Bürgerliches Gesetzbuch (Civil Code)</td>
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<td>BIC</td>
<td>Bank Identifier Code</td>
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<td>BWA</td>
<td>Betriebswirtschaftliche Auswertung (Business analysis)</td>
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<tr>
<td>CE</td>
<td>Conformité Européenne (European Conformity)</td>
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<td>CEO</td>
<td>Chief Executive Officer</td>
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<td>cf.</td>
<td>Confer</td>
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<td>CFO</td>
<td>Chief Financial Officer</td>
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<td>Switzerland</td>
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<td>COO</td>
<td>Chief Operating Officer</td>
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<td>CTO</td>
<td>Chief Technology Officer</td>
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<td>CZ</td>
<td>Czech Republic</td>
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<td>DE</td>
<td>Germany</td>
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<td>DIS</td>
<td>Deutsche Institution für Schiedsgerichtbarkeit (German Institution for Arbitration Jurisdiction)</td>
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<td>e.g.</td>
<td>exempli gratia / for example</td>
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<td>EC</td>
<td>European Commission</td>
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<td>EEA</td>
<td>European Economic Area</td>
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<td>EIT</td>
<td>European Institute of Innovation &amp; Technology</td>
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<td>ES</td>
<td>Spain</td>
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<td>ESOP</td>
<td>Employee Stock Option Programme</td>
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<td>ESOP T&amp;C</td>
<td>Terms and conditions of the ESOP</td>
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<td>EstG</td>
<td>Einkommenssteuergesetz (German Income Tax Act)</td>
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<td>etc.</td>
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<td>EU</td>
<td>European Union</td>
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<td>FDA</td>
<td>U.S. Food and Drug Administration</td>
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<td>FI</td>
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<td>Abbreviation</td>
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<td>FR</td>
<td>France</td>
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<td>GB</td>
<td>Great Britain</td>
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<td>GCP</td>
<td>Good clinical practice</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>ggf.</td>
<td>gegebenenfalls</td>
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<td>GLP</td>
<td>Good Laboratory Practice</td>
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<td>GmbH &amp; Co. KG</td>
<td>Gesellschaft mit beschränkter Haftung &amp; Compagnie Kommanditgesellschaft (Limited Liability Company &amp; Compagnie Limited Partnership)</td>
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<td>GmbHHG</td>
<td>Gesetz betreffend die Gesellschaften mit beschränkter Haftung (Limited Liability Company Law)</td>
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<td>GMP</td>
<td>Good Manufacturing Practice</td>
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<td>GR</td>
<td>Greece</td>
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<td>HRA</td>
<td>Handelsregisternummer (Commercial Register Number)</td>
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<td>i. Gr.</td>
<td>in Gründung</td>
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<tr>
<td>i.e.</td>
<td>id est</td>
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<tr>
<td>IBAN</td>
<td>International Bank Account Number</td>
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<tr>
<td>IDW</td>
<td>Institut der Wirtschaftsprüfer (Institute of Auditors)</td>
</tr>
<tr>
<td>IE</td>
<td>Republic of Ireland</td>
</tr>
<tr>
<td>ing.</td>
<td>Engineer</td>
</tr>
<tr>
<td>IP</td>
<td>Intellectual Property</td>
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<tr>
<td>IPR</td>
<td>Intellectual Property Rights</td>
</tr>
<tr>
<td>IR</td>
<td>Iran</td>
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<tr>
<td>ir.</td>
<td>Ingenieur (with a doctoral degree, in the Netherlands)</td>
</tr>
<tr>
<td>IRR</td>
<td>Internal Rate of Return</td>
</tr>
<tr>
<td>ISIN</td>
<td>International Security Identification Number</td>
</tr>
<tr>
<td>ISO</td>
<td>International Organization for Standardization</td>
</tr>
<tr>
<td>IT</td>
<td>Information Technology</td>
</tr>
<tr>
<td>IT</td>
<td>Italy</td>
</tr>
<tr>
<td>KStG</td>
<td>Körperschaftssteuergesetz (Corporate Income Tax Act)</td>
</tr>
<tr>
<td>MD</td>
<td>Doctor of Medicine</td>
</tr>
<tr>
<td>METC</td>
<td>Medical Ethical Review Committee</td>
</tr>
<tr>
<td>MIT</td>
<td>Mkb-innovatietstimuleren Regio en Topsectoren (Dutch Government Grant Program)</td>
</tr>
<tr>
<td>Mr.</td>
<td>Mister</td>
</tr>
<tr>
<td>MSc</td>
<td>Master of Science</td>
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<tr>
<td>MScBA</td>
<td>Master of Science in Business Administration</td>
</tr>
<tr>
<td>N,P,M,Q,L</td>
<td>Variables in formula for calculation of number of compensatory shares issued to investors</td>
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<tr>
<td>N.V.</td>
<td>Naamloze vennootschap (Limited liability company)</td>
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<tr>
<td>NL</td>
<td>Netherlands</td>
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<tr>
<td>NO</td>
<td>Norway</td>
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<td>No.</td>
<td>Number</td>
</tr>
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<td>p.a.</td>
<td>per annum</td>
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<tr>
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<td>PL</td>
<td>Poland</td>
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<tr>
<td>PoLaRS</td>
<td>Portable Laparoscopy Robot System</td>
</tr>
<tr>
<td>Acronym</td>
<td>Description</td>
</tr>
<tr>
<td>---------</td>
<td>-------------</td>
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<tr>
<td>QSR</td>
<td>Quality System Regulation</td>
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<tr>
<td>R&amp;D</td>
<td>Research &amp; Development</td>
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<td>RA</td>
<td>Rechtspersonen en Samenwerkingsverbanden Informatienummer (Legal persons and partnerships Information number)</td>
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<tr>
<td>RSIN</td>
<td>Shaft Actuated Tip Articulation</td>
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<td>Sc.D</td>
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<tr>
<td>SME</td>
<td>Small and Medium Enterprises</td>
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<td>SPV</td>
<td>Special Purpose Vehicle</td>
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<tr>
<td>THF</td>
<td>Tim Horeman-Franse</td>
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<td>TR</td>
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<tr>
<td>TRL</td>
<td>Technology Readiness Level</td>
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<tr>
<td>TU</td>
<td>University of Technology</td>
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<tr>
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<td>United States (of America)</td>
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<tr>
<td>UDI</td>
<td>Unique Device Identification</td>
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<tr>
<td>UK</td>
<td>United Kingdom</td>
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<td>USA</td>
<td>United States of America</td>
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<td>USDA</td>
<td>U.S. Department of Agriculture</td>
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<tr>
<td>VAT</td>
<td>Value Added Tax</td>
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<tr>
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<tr>
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<td>Verordening inzake onafhankelijkheid (Code of Ethics for Professional Accountants)</td>
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<tr>
<td>VR</td>
<td>Virtual Reality</td>
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<td>VUMC</td>
<td>Vanderbilt University Medical Center</td>
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<tr>
<td>WKN</td>
<td>Wertpapierkennnummer (Security identification number)</td>
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<tr>
<td>WpPG</td>
<td>Wertpapierprospektgesetz (Securities Prospectus Act)</td>
</tr>
<tr>
<td>z. B.</td>
<td>zum Beispiel (for example)</td>
</tr>
</tbody>
</table>