Brooks Houghton Overseas A BHC GROUP'S COMPANY

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INTENSIVECARE – SOCIETA' PER AZIONI

(the "Company" or the "Issuer" or "Intensivecare S.p.A.")

1,012,150 Registered Ordinary Shares of the Issuer

(the "Shares")

Information Memorandum

for the purposes of the admission of the Shares

on the Securities Official List of the Luxembourg Stock Exchange ("LuxSE SOL")

15 May 2020

This Information Memorandum as well as all information contained herein (the "Information Memorandum") is meant to provide details on the securities and the issuer in relation to the admission of the securities onto the securities official list held by the Luxembourg Stock Exchange without admission to trading on one of the securities markets operated by the Luxembourg Stock Exchange. The Information Memorandum has been prepared for the sole goal of being admitted and displayed on the LuxSE SOL. It does not provide any key information to be used for making investment decisions.

The Information Memorandum is provided for information purposes only. It does not constitute and is not construed as any advice, solicitation, offer, endorsement, commitment or recommendation to invest in the securities described herein. The provision of the Information Memorandum is not and shall not be a substitute for your own researches, investigations, verification, checks or consultation for professional or investment advice. You are using the Information Memorandum at your own risks.

The Issuer assumes responsibility for the content of this Information Memorandum and declares having taken all reasonable care to ensure that the information contained in this Information Memorandum is, to the best of its knowledge, in accordance with the facts and contains no omissions likely to affect its import.

Glossary

CAGR: Compound Annual Growth Rate
CAPEX: Capital Expenditure
COGS: Cogs of Goods Sold
DCF: Discounted Cash Flow
DSO: Days Sales Outstanding
DPO: Days Payable Outstanding
EBITDA: Earning Before Taxes Depreciation and Amortization
FTE: Full Time Equivalent
G&A: General&Administrative Expenses
OPEX: Operating Expenses or Operational Expenses
TV: Terminal Value
VAT: Value Added Tax
Y0Y: Year-to-Year

SECTION I - THE ISSUER

1. General Information on the Issuer

Incorporation and status

The Issuer is a joint stock company (*società per azioni*) incorporated on 6 April 2016 under the laws of Italy, under the legal and commercial name "IN10SIVECARE S.R.L.". The conversion into a joint stock company and the renaming to "INTENSIVECARE – SOCIETA' PER AZIONI" took place with effect as of 28 August 2019.

The Issuer's registered office and seat is situated in Italy, 84131 Salerno (SA), Via Terre Delle Risaie 20. The Company is registered under the firm name "INTENSIVECARE – SOCIETA' PER AZIONI" with the Companies Register of the "*Camera di Commercio Industria Artigianato e Agricoltura di Salerno*" and tax code under no. 09474080968, administrative economic repertoire REA SA - 472664.

LEI-Code: 529900CURKM1PMO4K819.

Phone no.: +39 0892882434 – Fax no: +39 08908429911 – E-mail: intensivecarespa@pec.it

Homepage: *www.intensivecarespa.com*

Share Capital

The Issuer's share capital is equal to EUR 101,215.- which is fully subscribed and paid in, divided in 1,012,150 registered shares with a nominal value of EUR 0,10.- each. On April 20, 2020, with the resolution of the extraordinary shareholders' meeting, the net liquid assets were raised to EUR 1,216,871.15 with the issue of 12,150 new registered shares with share premium.

Ownership Structure

The share capital of the Issuer is articulated in one category of registered ordinary shares as follows:

Shareholders	Number of registered ordinary shares
Daniela Intennimeo	48,300
Stefania Intennimeo	50,000
Paolo Intennimeo	50,000
Roberta Intennimeo	50,000

Roberto Intennimeo	252,500
Stefano Intennimeo	10,000
Luca Intennimeo	10,000
Marco Intennimeo	65,000
Angela Caramuta	100,000
Luigia Pelillo	15,000
Michele Franco Mario Gazzano	102,500
Guglielmo Gazzano	50,000
Lorena Maria Gavioli	50,000
Arturo Rampolla	45,000
Integra Holdings LLC	100,000
Florenziano Della Torre	1,700
Minskel Corp.	12,150

The property of the shares is certified by book-entry (authenticated notarial excerpt) and by a title in possession of each shareholder.

The Company does not own any subsidiaries.

Shares of the Issuer are not admitted to trading on any regulated market or a multilateral trading facility within the meaning of Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**").

The ISIN Code of the shares of the Issuer is: IT 0005389033.

Initial Price

The initial price of the shares of the Issuer is set at 138.60 Euros each. In order to determine this preliminary evaluation of the initial price of the Issuer's shares, a DCF model + TV (using perpetuity) has been used.

The model has been applied on the 5year business plan using discount factor of approximately 12%. A TV based on the cash flow of the 5th year with perpetual growth rate of 0% has been calculated. This model has been applied due to the large use of cash flow evaluation model in IPO process.

Rights attached to the shares of the Issuer and dividend policy

Rights of the shareholders are described in the Italian civil Code.

Each share of the Issuer gives equal rights to the shareholders and gives one vote at the general meeting of shareholders of the Issuer.

There is no pre-emptive rights under Italian law and shares of the Issuer are freely transferable. They can be transferred to third parties by way of annotation on the title or by a contract between the parties (seller and buyer). In the second case, the transfer will have

legal effectiveness immediately after the annotation in the shareholders' register of the Issuer.

Convening notices to general meetings of shareholders are sent by the board of directors of the Issuer, by registered letter with acknowledgement of receipt, telefax or electronic mail to the shareholders, at least eight days before the relevant meetings.

The decision to distribute dividends is taken by the general shareholders' meeting of the Issuer. Due to the Issuer's registration at the relevant section of the Chamber of Commerce of Salerno ("Innovative Start-up"), the Issuer shall not distribute any dividend for the next three years, i.a. until 2022 included.

Historic development

In the light of the close connection of the historic development of E.C.S. Srl Extra Corporeal Solutions ('ECS') and the issuer – which was founded as a Special-Purpose-Vehicle ('SPV') to manage the tangible and intangible assets of ECS – for the following overview regarding the historic development of the Issuer, the development of ECS will be taken into consideration.

YEAR	DESCRIPTION OF EVENT
2013	Foundation of E.C.S. Srl Extra Corporeal Solutions
2016	Foundation of IN10SIVECARE S.r.l
2019	Conversion of IN10SIVECARE S.r.l. into INTENSIVECARE S.p.A.

2. Company Structure

Description of the Issuer

Pursuant to Article 3 of the by-laws, the Company's corporate purpose consists in:

a. the study, research, development, design, construction, revision, installation, management, maintenance and sale of plants, machinery, equipment, technologies, know-how, patents in the healthcare and hospitals sector;

b. the production on its own and / or for third parties and the assembly of medical products and hospital consumables, electromedical, prostheses, sanitary materials, scientific and sanitary apparatus and instruments, medical devices — surgical in general, pharmaceutical and diagnostic, materials, equipment, tools, articles and furnishings in general and complete laboratories and everything related to their preparation;

c. the provision of sanitation services in favour of public and private structures;

d. the realization and the commercialization of software, also for a third party's account, in the sanitary sector;

e. the analysis, sizing and design of network information systems for data transmission in the sectors indicated above;

f. the realization and organization of health structures of any kind and species;

g. publishing, excluding the publication of newspapers, the production of gadgets and medical promotional health items in the above mentioned sectors.

The Company may take all actions to implement such activities.

In any case, all those professional activities for which a specific registration in professional registers or lists is required, are excluded.

For the sole purpose of achieving the aforementioned corporate purpose, the Company will be able to carry out all those industrial, financial and commercial, securities and real estate transactions that the law allows, as well as to buy and sell interests or shareholdings in other companies, companies and not, without prejudice to the limit referred to in Article 2361 of the Italian Civil Code. The Company may also provide securities and guarantees, pledges and mortgages to secure obligations to third parties. These complementary activities must be carried out in full compliance with the applicable banking laws and specifically the Italian law 197/1991, and therefore may never be carried out with the public but with all types of banking institutions for the sole purpose of ensuring adequate financial resources to the Company.

Administration, management and supervisory bodies

Board of Directors

The Issuer is managed by a board of directors (the "**Board of Directors**") which, as of the date of this Information Memorandum, is composed of the following directors:

Name	Title
Roberto Intennimeo	Chairman of the Board of Directors ("Presidente CDA")
Daniela Intennimeo	Deputy Chairman of the Board of Directors
Paolo Intennimeo	Board member, Director
Michele Gazzano	Board member, Director
Domenico Pecorini	Board member, Director
Sachin Samrat Soni	Board member, Director

The afore mentioned Board of Directors has been elected for a three years-term, may be re-elected and their current office will expire on the date of approval of the financial statements for the year ended on 31 December 2021.

The business address of each of the current members of the Board of Directors is that of the Issuer's registered office.

Board of Statutory Auditors

As of the date of this Information Memorandum, the board of statutory auditors of the Company (the "**Board of Statutory Auditors**") (i.e. the internal auditors appointed pursuant to Italian law) is composed of the following statutory auditors:

Name	Title
Elena Dondi	President of the Board of Statutory Auditors
Antonio Tardio	Statutory Auditor
Giuseppe Amoroso	Statutory Auditor
Pasquale Mea	Substitute Statutory Auditor
Antonio Tipaldi	Substitute Statutory Auditor

Members of the Board of Statutory Auditors are elected for a three years term and may be re-elected. The current term expires at the approval of the financial statements for the year ended on 31 December 2021.

The business address of each of the current members of the Board of Statutory Auditors is that of the Issuer's registered office.

Auditors

The accounting control over the Company is delegated to the Board of Statutory Auditors (see above) whose members are all registered in the specific Register of Legal Auditors (*Albo dei Revisori dei Conti)*.

The current term expires at the approval of the financial statements for the year ended on 31 December 2021.

3. Business Fields

The Issuer was founded in 2016 but has not yet become operational. However, the Issuer is closely connected to ECS (especially through the main shareholders of both entities) and therefore ECS will also be described in this section.

ECS – founded in 2013 to pursue the market of extracorporeal treatments – has assembled over 10 years of experience in the sector resulting from the use of Hemodec technology, a pioneer in this field, and the presence of collaborators who have contributed to its development.

ECS has two different practices areas:

- ECS has a research team in the field of extracorporeal treatments and antalgic therapy solutions, with new proprietary technologies, patents and projects. The goal of ECS is to minimize the invasiveness of multi-organ treatments in critically ill patients thanks to the development of innovative technologies.
- ECS is the exclusive agent for the distribution of products made by important international brands, such as B. BRAUN, world leader in various medical sectors, such as hemodialysis and intensive care.

Starting Point: Chronic Obstructive Pulmonary Disease (COPD)

COPD is an underdiagnosed, life-threatening lung disease that interferes with normal breathing. It is not reversible and creates a strong dependence of the patient by the actual medical treatment. Presently it represents the fourth cause of death worldwide, rapidly increasing toward the third position in the next few years.

Due to a COPD-condition, less air flows in and out of the airways because of one or more of the following:

- airways and air sacs lose their elastic quality;
- walls between many of the air sacs are destroyed;
- walls of the airways become thick and inflamed;
- airways make more mucus than usual, which tends to clog them.

Causes of COPD:

- most cases of COPD occur as a result of long-term exposure to lung irritants that damage the lungs and the airways;
- the most common irritant that causes COPD is cigarette smoke;
- in rare cases, a genetic condition called alpha-1 antitrypsin deficiency may play a role in causing COPD.

Who is at risk?

- people who smoke or are exposed to smoke;
- people who have a family history of COPD are more likely to develop the disease if they smoke;
- long-term exposure to other lung irritants also is a risk factor for COPD;

- almost 90% of COPD deaths occurs within the most countries of the world, and specially where effective strategies for prevention and control are not always duly implemented when not even accessible.

Treatment

- COPD has no cure;
- quitting smoking is the most important step an individual can take to treat COPD;
- other treatments for COPD may include medicines, vaccines, pulmonary rehabilitation (rehab), oxygen therapy, and surgery.

Research activity by ECS to tackle COPD

Together with two renowned experts in the cure of COPD, Professor Marco Ranieri and Professor Stefano Nava, ECS has developed a new practice for the treatment of COPD that also foresees a periodic extracorporeal treatment aimed to removing CO_2 in excess.

This new practice relies on three different devices developed by ECS ('Devices'):

- the PneumoHelp™ device,
- the disposable instaKit™ and
- the MonoRoller™ pump

<u>Future exploitation of developed procedures and devices</u>

In order to market the devices developed by ECS an SPV dedicated to the project development, namely INTENSIVECARE S.p.A. (the Issuer), was set up. ECS will not engage in production but will keep its focus on R&D. As of the date of this Information Memorandum, ECS has produced a total of approx. 20 PneumoHelp-prototypes that are to be handed over to Getinge AB (the exclusive distributor) for internal learning processes and product presentation purposes.

Once this prototype-phase has successfully been concluded, the production process will be carried out entirely by the Issuer. The official product launch of PneumoHelp is expected to take place in June 2020, when the first devices will be handed over to Getinge. Therefore, the financial year 2020 will the first one for the Issuer to be fully operational.

However, ECS will confer tangible, intangible assets and key personnel to the Issuer.

For the provision of intangible assets and know-how, the Issuer will pay royalties to ECS based on the number of sold devices. In addition, the Issuer will pay an expense based service fee for any services rendered on an ad-hoc basis by ECS and/or its personnel. All of ECS's tangible and intangible assets will remain property of ECS and no contribution in kind will take place. All assets will be provided on a contractual basis. The issuer will be solely responsible for the whole production cycle.

The Issuer will only be dedicated to the project's execution and will thus be open to third party investors, willing to invest only into the COPD project.

Exclusive Distribution Agreement with Getinge AB

Getinge AB is a Sweden-based company active in the healthcare sector. Getinge AB is a global provider of products and systems that contribute to quality enhancement and cost efficiency within healthcare and life sciences. It is engaged in the provision of products and services for intensive care units, care units, sterilization centers, elderly care and companies and institutions active in the life sciences area.

Its operations are divided into three business areas:

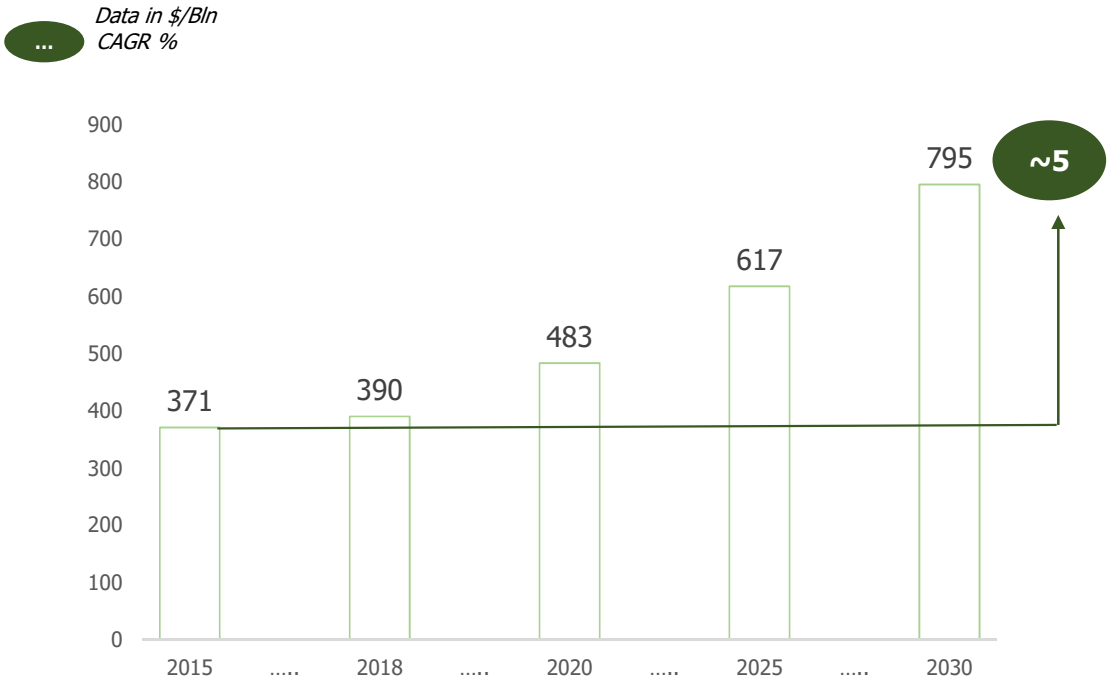
- the Medical Systems business area offers equipment for surgical disciplines, cardiology and intensive care;
- the Extended Care Business Area offers products and services geared toward the hospital and elderly care markets. The product range includes solutions for preventing the risk of pressure ulcers and deep vein thrombosis.
- the Infection Control business area features systems for preventing the occurrence and spread of infection. Its product range comprises disinfectors, sterilizers and information technology (IT) solutions, as well as advice, training and technical support.

An exclusive distribution agreement with Getinge AB for the worldwide distribution of the Issuer's products was signed in May 2019. Under this agreement Getinge supplies its proprietary oxygenator to the Issuer to be integrated in PneumoHelp devices and foresees to purchase no. 105 devices and no. 1000 kits in 2020 (pilot devices in the leading medical institutions) and to update purchase forecasts every quarter.

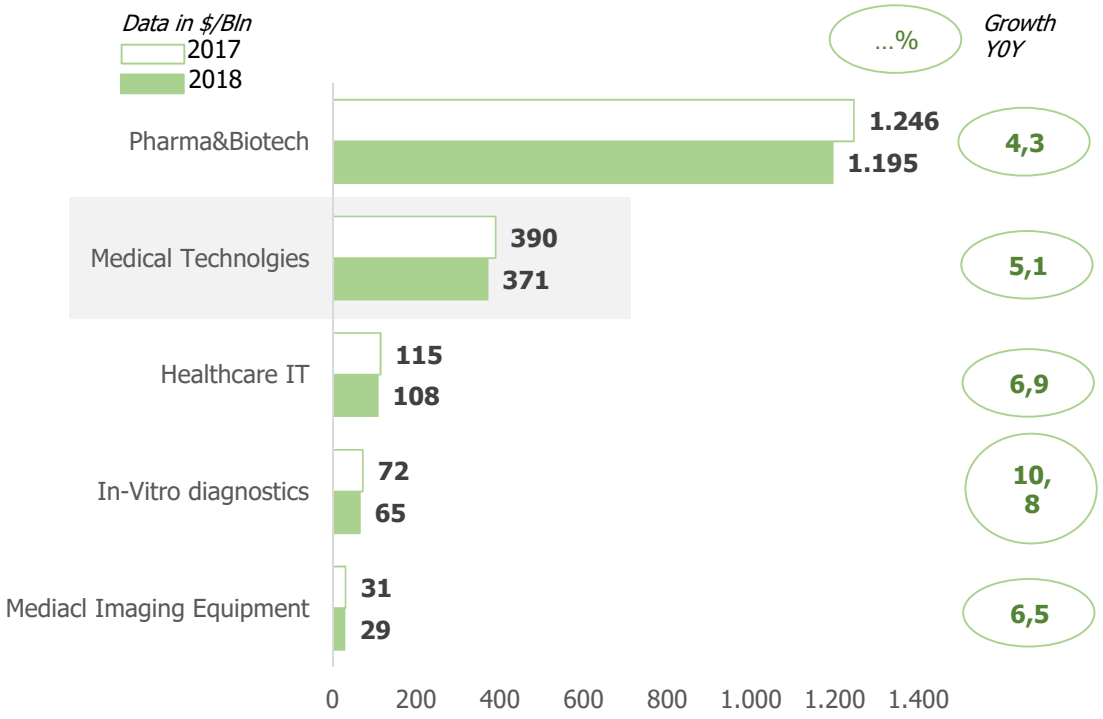
Getinge retains the exclusive right to takeover full ownership of the Issuer upon third party's private offering (First Right of Refusal).

Medical devices industry

Globally, the medical devices industry is expected to growth around 6% up to 2030, from 371 to 795 bn $

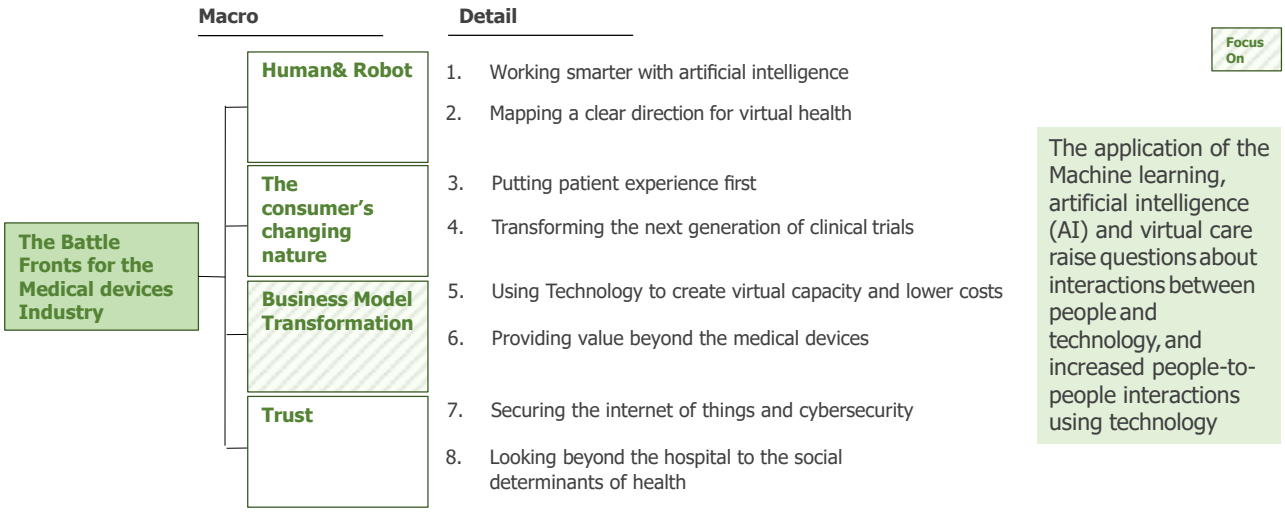


The medical equipment is the second business segment of the industry with a growth of around 5% Y0Y. These projections reflect increasing demand for innovative new devices) and services (like health data), as lifestyle diseases become more prevalent, and economic development unlocks the huge potential in emerging markets – particularly China and India.



Considering the heavily human, economic, technological connection actually existing, stronger than ever before, the world's health industry is facing near-universal forces such as rapid digitalization, increasing demands and expectations from informed and connected consumers, and shrinking resources to fuel innovation and build infrastructure.

The top global issues, or the challenge that industry have to face with, spans a wide range of themes, including human and robot interaction, the consumer's changing nature, the business model transformation and the trust, as summarized below:



With a specific focus on the business model transformation for the medical equipment industry, the largest part of the expectations comes from the introduction of the AI Solution.

The promise of technology is to increase value for consumers and alleviate resource constraints on healthcare entities by creating virtual capacity. Virtual capacity is created by supplementing the labor force and shifting care away from traditional, more costly settings such as hospitals and emergency rooms to clinics and homes, and investing in technologies that reduce costs.

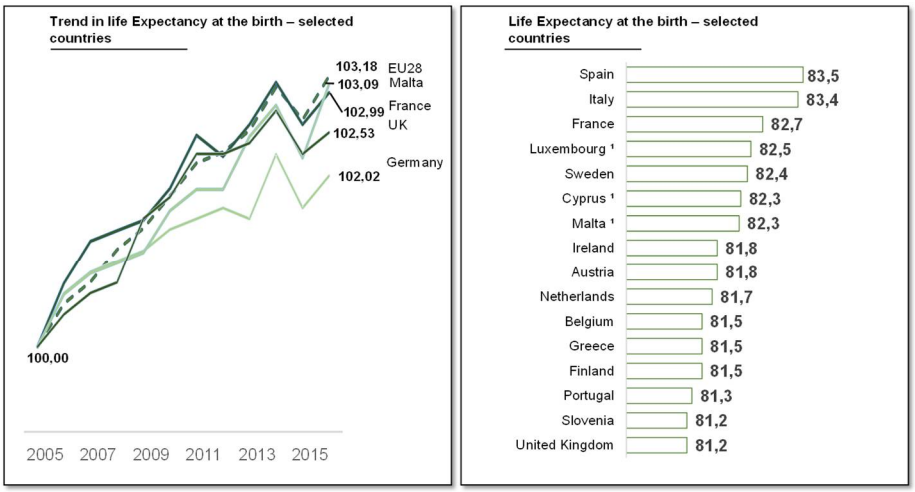
Virtual capacity is needed because healthcare systems and decision- makers face resource constraints as costs outpace economic growth. This near-universal phenomenon can be seen in both growing and developed economies, and in privately funded and publicly funded health systems.

Technology is not only able to reduce the costs in hospital operations as well as in finance: as technology has advanced, finding new applications and discovering new frontiers, the medical devices have expanded access, improved care and enhanced convenience. Medical device companies are thus moving beyond the simple delivery of the devices: in the next future the companies specialized in the production of medical devices will expand their sales book offering services to hospitals, patients, clinicians and even more tailor made solution in response to a changing industry that responds to consumer needs and desires.

PwC[1] interviewed medical device and technology executives: the research have emphasized the importance of incorporating the consumer perspective into product design, including making medical technology and devices easier to operate.

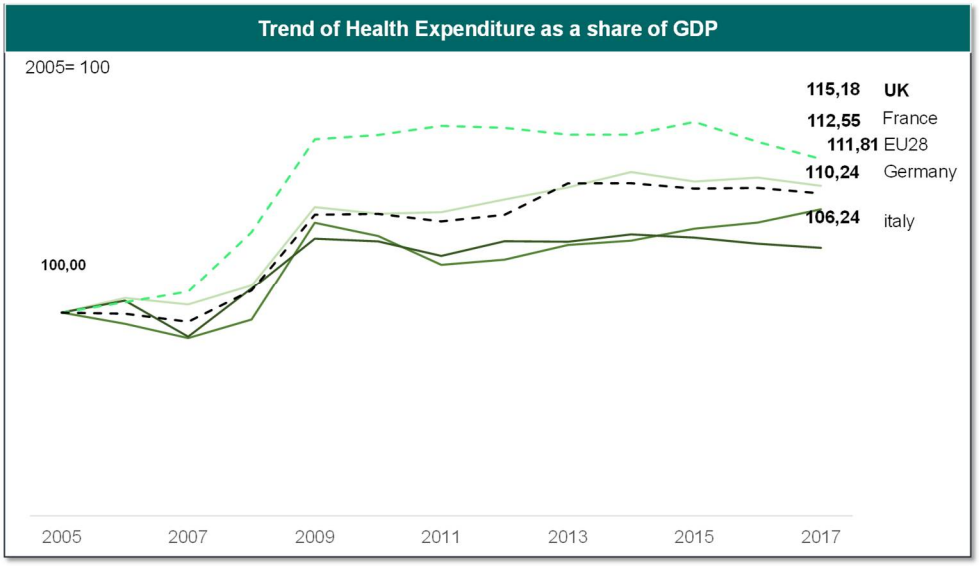
Market Outlook: trends in the healthcare sector

(i) Longer life expectancy and weight of health expenditures on the GDP are two of the most important challenges with which EU governments(1) have to face with



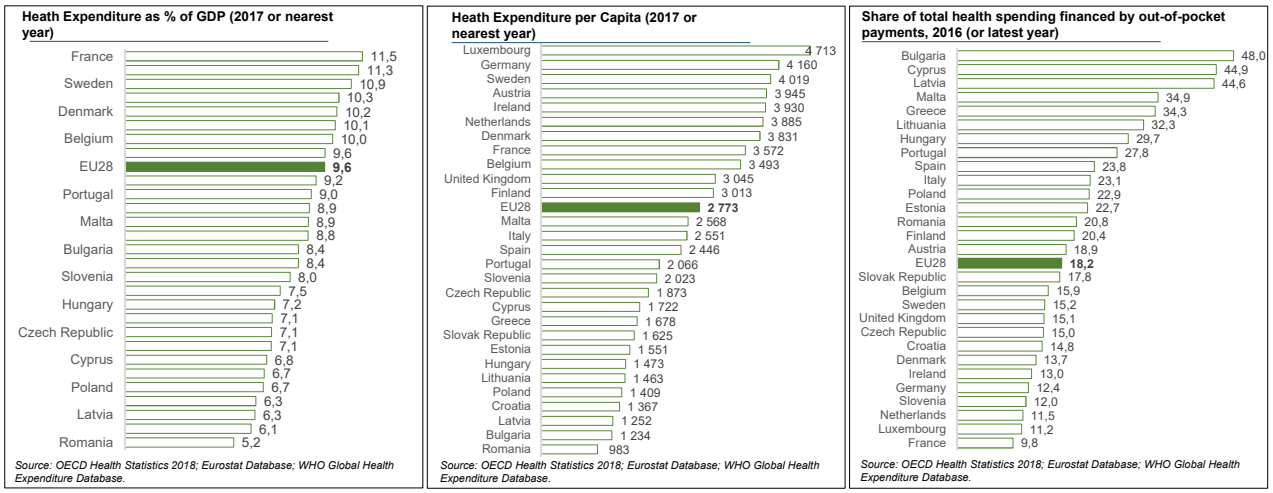
Source: OECD Health Statistics 2018; Eurostat Database; WHO Global Health Expenditure Database; Eurostat Database . InsuranceEurope

(ii) The change in demographic structure has triggered an uninterrupted upward trend in health expenditures



[1] PwC Health Research Institute survey among pharmaceutical life sciences executives, 2018

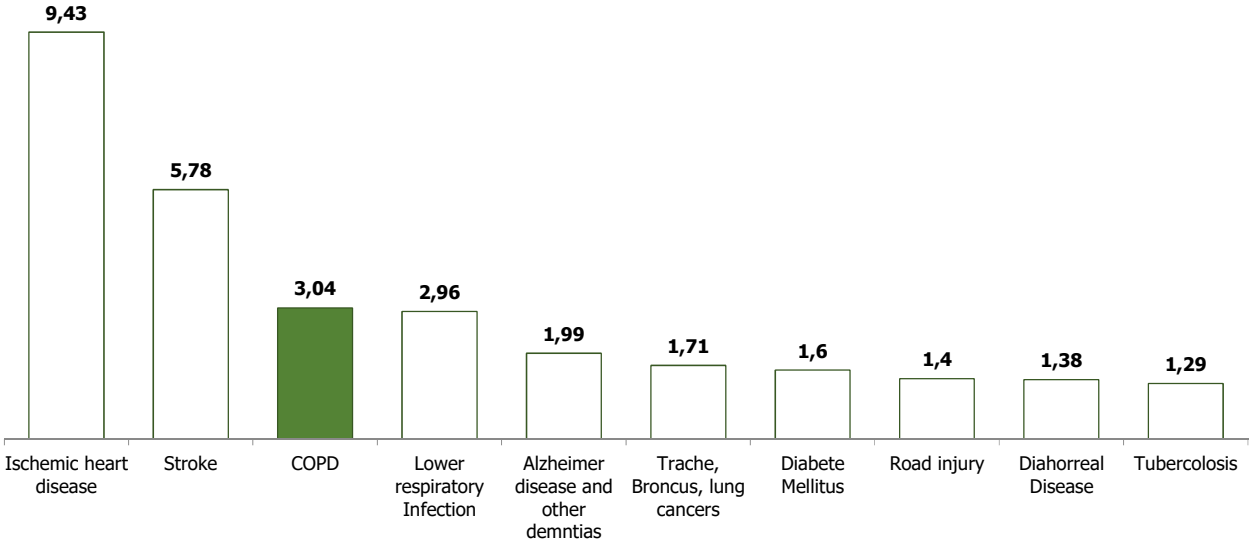
(iii)The future task for the EU countries will be to minimize the impact of the health expenditures and maintaining the same level and quality of the services



About the COPD

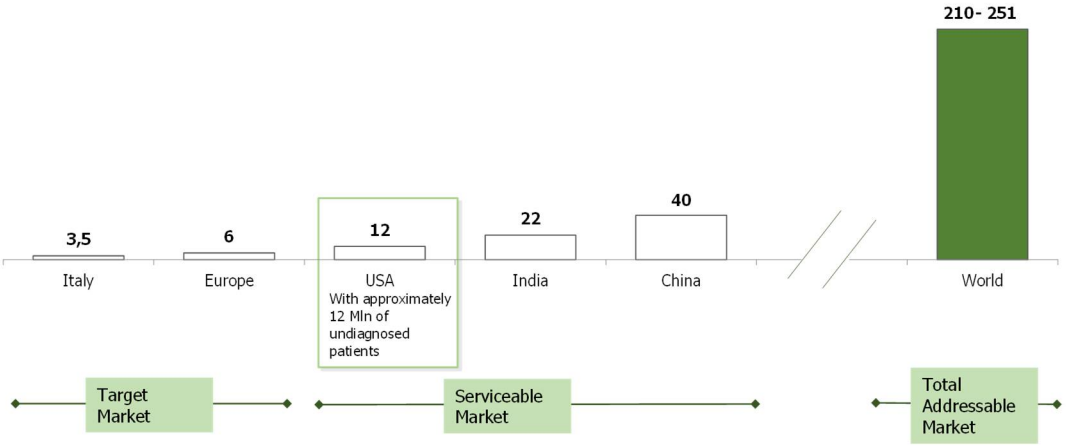
(iv) COPD is the 3rd cause of death in the world

Data in Mio referred to 2015
Source: https://www.statista.com/statistics/288839/leading-causes-of-death-worldwide



(v) COPD total addressable market is estimated in 210-251 Mio of people

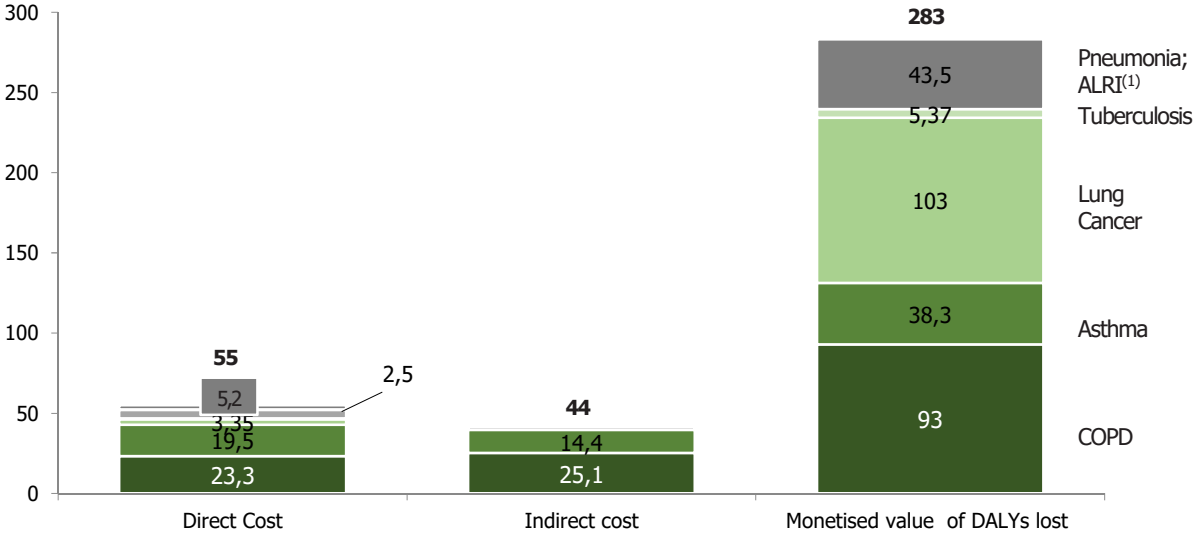
Data in Mio
Source: Center for Disease Control National Centre for Healthcare Statistics
Lung health In Europe. Facts and Statistics
World Health Organization. 1st December of 2017



- Data must be treated as underestimated due to the lack of available data specially in the Far East
- **Several publications account for 210-250 Mio of patients around of the world**
- Almost all the researches and studies about the COPD show an increasing upward trend in the people affected by this diseases in the world

(vi)COPD has a strong economic burden that can be estimated in ~140 bn €

Data in Mio
Source: Center for Disease Control National Centre for Healthcare Statistics
Lung health In Europe. Facts and Statistics
World Health organization. 1st December of 2017



4. Financial figures of the past three financial years

The Issuer was incorporated in 2016 as a SPV and was mainly holding intangible assets connected to intellectual property until its recent restructuring of the Issuer (conversion into a stock company) in 28 August 2019. Therefore in accordance with the Luxembourg Stock Exchange's Rules for the Operation of the 'Luxembourg SOL' the following section provides financial data from the latest non-audited balance sheet and income statement (as of 31st of December 2019) as well as a business plan and financial outlook.

The Issuer is receiving tangible and intangible assets as well as key personnel from ECS, which main purpose throughout the last years was the research and development connected to a treatment for COPD. Therefore, the financial figures and the balance sheet of ECS will also be provided.

Financial figures of the Issuer for the financial years 2017, 2018 and 2019:

Financial years 2019, 2018 and 2017 ***(figures in EUR)***	**31.12.2019**	**31.12.2018**	**31.12.2017**
Balance sheet			
Assets			
Fixed Assets	985,762	514,220	6,754
Intangible Assets	980,517	509,635	2,169
Tangible Assets	5,244	4,585	4,585
Current Assets	63,407	11,563	10,832
Credits (payable within the next financial year)	61,534	10,571	9,840
Cash	1,873	992	992
Total	**1,049,170**	**525,783**	**17,586**
Liabilities and Owners' Equity			
Equity	96,640	5,770	9,461
Share capital	100,000	10,000	10,000
Other reserves	0	1	2
Profits (losses) carried forward	(4.231)	(541)	-
Net Earnings (Losses)	871	(3.690)	(541)
Liabilities (payable within the next financial year)	952,529	520,013	8,125
Total	**1,049,170**	**525,783**	**17,586**

Financial years 2019, 2018 and 2017 *(figures in EUR)*	31.12.2019	31.12.2018	31.12.2017
Income statement			
Revenues	72.652	0	0
Revenues from sales and services	1.850		
Other income	70.802		
Operational expenses	(71.615)	(3.690)	(541)
for raw materials, ancillary materials, consumables and goods	(4.477)		
for services	(40.874)	(3.690)	(485)
for the use of third-party assets			(51)
for personnel	(25.869)		
for amortization, depreciation and write-downs			
changes in inventories			
different management charges	(396)		(5)
Difference between revenues and expenses	1.036	(3.690)	(541)
Financial result			
Other financial income	(165)		
Interest and other financial expenses			
Income tax		(3.690)	
Profit / (Loss)	**871**	**(3.690)**	**(541)**

5. Business plan[2]

Main assumptions

Strategic Approach

The main strategic guidelines used for the elaboration of the Business Plan are:

- Growing market demand due to the sharp diffusion of COPD both, in western countries and even more in less developed and emerging countries;
- A competitive advantage against all the competitors that is assumed can be safeguarded for up to two years from the start of the distribution;
- Maintain a strong level of investments represented by clinical studies, researches and participations to conferences in order to disseminate the knowledge of the device among the scientific community as well as to illustrate the results on the patients using the new devices;

[2] The business plan has been prepared by Brooks Houghton & Company Inc., 757 Third Avenue, 24th Floor, New York, NY 10017.
Mazars Italia S.p.A. ("Mazars"), Largo Augusto n. 8, I 20123 Milano (MI), Italy, has been appointed as qualified independent audit company for the examination of prospective financial information in accordance with the International Standard on Assurance Engagement (ISAE 3400).

- Even if new markets – i.e. USA, China, India and so on – are a focus for the future, the elaboration of Eco-Fin Projections have been based only on the closer targeted markets (Italy, Western and Eastern Europe);
- Said the above, The world is actually facing with one of the most severe pandemics ever caused by the Covid-19;
- The heavy pulmonary disease which occurs to people infected by Covid–19 puts all nations' Healthcare Systems under pressure;
- While waiting for a vaccine, Int'l experts, Leading MDs and Opinion Leaders unanimously agreed upon the effectiveness of lung ventilation;
- Intensivecare and Getinge have received and are receiving an impressive, increasing number of requests for the distribution of their equipment worldwide, pushing sale forecast much beyond the initial projections. Countries such as USA, China and many others in Far and Middle East and South America, not taken into account in the first two years of distribution, are now leading to a substantial boost of commercial opportunities and related revenue expectations;
- The Company could keep a competitive advantage against the most important competitors for up to three (3) years, during which the Company:
    - will concentrate its efforts to penetrate and maintain its market share above all in Italy and western EU;
    - will develop more sophisticated versions of its core product as the miniaturized device currently in development;
    - will work in order to open new market frontiers as the US and the Far East according to the latest post-pandemic developments and requirements as summarized above. About the future markets the managers of the Company believe that for a combination of socio-demographic and economic conditions, Far East represents the most promising market for the next future.

The opening of new markets together with the industrialization of the new versions of the base devices will lead to a progressive, very significant overtaking of the domestic revenues – i.e. Italy and western EU – made by the US and Far East-based. It must be considered that the Company has already started the contacts with the US Food&Drug Administration ("**FDA**") in order to get its own products approved and certified and the FDA as well as the Chinese relevant authorities have already guaranteed a post-pandemic "Fast-Track".

Scenarios and Sales Volumes

The Business Plan was prepared by using a bottom-down approach – starting from the forecasted volume of sales as expected by the exclusive distributor Getinge AB.

The sales forecast estimated by the distributor has been elaborated considering the following parameters:

- Clinical study on COPD;
- Interviews with global leading experts of the disease;
- Desk research;

- Industry analysis;
- Comparative research.

Following the study and research conducted, promoters have elaborated two different sales scenarios:

- **Base Scenario**: the number of Kits and Devices sold on the market reflecting the distributor's projections, considering its market analyses, the research conducted with tier 1 industrial advisors and the expected full success of the market test phase;
- **Worst Scenario:** the number of Kits and Devices sold on the market are prudentially underestimated applying a significant reduction to Getinge's expectations - e.g. Base Scenario.
- **The Worst Scenario nonetheless, for the reasons outlined above, has to be considered surpassed and the Base Scenario is definitely more actual, both being always very prudent though.**

The difference between the "Base scenario" and the "Worst case scenario" lies in the market share that is assumed will be achieved over the plan horizon (Market share – Year to Year).

The "Base Scenario" is closer to the prudent estimates of Getinge. However, both scenarios have been confirmed by Getinge but the company, to be even more prudent, has adopted an **Intermediate Scenario** between the two.

Revenues

Revenues have been estimated considering the price agreed with Getinge. The inflation rate is not reflected in the revenues. Starting in 2022, a small reduction in the sell prices has been applied, due to the expected increase of competition.

Cost of Goods Sold ("**COGS**") and Operational expenses ("**Opex**")

COGS have been estimated based on the agreement signed with outsourced manufacturers. They represent the annual cost for number of devices produced and sold to Getinge together with the stocks, warehoused by outsourced manufacturers, and estimated according with the contracts signed with the outsourced manufacturers. The cost of warehousing is reported into the selling, general and administrative expenses ("**G&A**").

G&A (utilities, rents, trips etc.) have been estimated considering the outcomes of specific benchmark analysis, based on several start-ups in the healthcare sector and manufacturing companies (comparable companies), that was carried out for this specific purpose.

Marketing costs, prudentially treated as Opex and not as Capex - from an accounting point of view, have been estimated considering the commercial plans elaborated together with the distributor as well as the strategic actions that will be undertaken in order to create awareness and knowledge of the device.

Personnel costs have been estimated considering the hiring plans. It is assumed that the staff will grow from 8 full time equivalents (FTE) in 2020 to 28 FTE in 2025 distributed among the administrative, commercial and logistics functions.
A Y0Y contingency of 500 €/000 has been considered. Contingency represents a buffer aimed at hedging two different types of risk: (i) the impacts on the organisation due to a fast increase of the device sold on the market and, a as consequence, the necessity to adjust the hiring plans and the personnel costs with respect to the estimate reported in the plan; (ii) considering the plan to market the device outside the EU - USA, and Far East, the increase in amount of capex reported in the plan due to unpredictable events – e.g. new laboratory tests; further researches and any other further test imposed by the local authorities, entitled to authorize the domestic distribution of the product.

All the costs - except for the contingency - are expressed in real figures

Amortization and Taxes

The amortization has been estimated assuming a straight-line method with a useful life cycle of the investment of 5 years both for tangible and intangible assets.

The fiscal burden has been estimated assuming the current Italian corporate tax rate. The taxes are paid in cash Y0Y.

Net working capital

Trade receivables have been estimated assuming terms of payment reported in the contract with Getinge (in terms of DSO).

Trade payables have been estimated assuming that days payable outstanding (DPO) has been fixed, over time horizon, on the basis of the agreements and contracts already signed with third party suppliers, manufacturers and so on.. Personnel cost are paid in cash as well as yearly taxes. The projections do not consider achievable better payment conditions currently under negotiation with outsourced suppliers that might increase DPO and reduce working capital needs.

Tax debt represent the amount of VAT that has to be paid at the end of the fiscal year and has been estimated assuming a bimestrial payment.
The end of service ("E-o-S") benefit to employees measures the social security contributions and has been calculated as a fraction of the total staff costs.

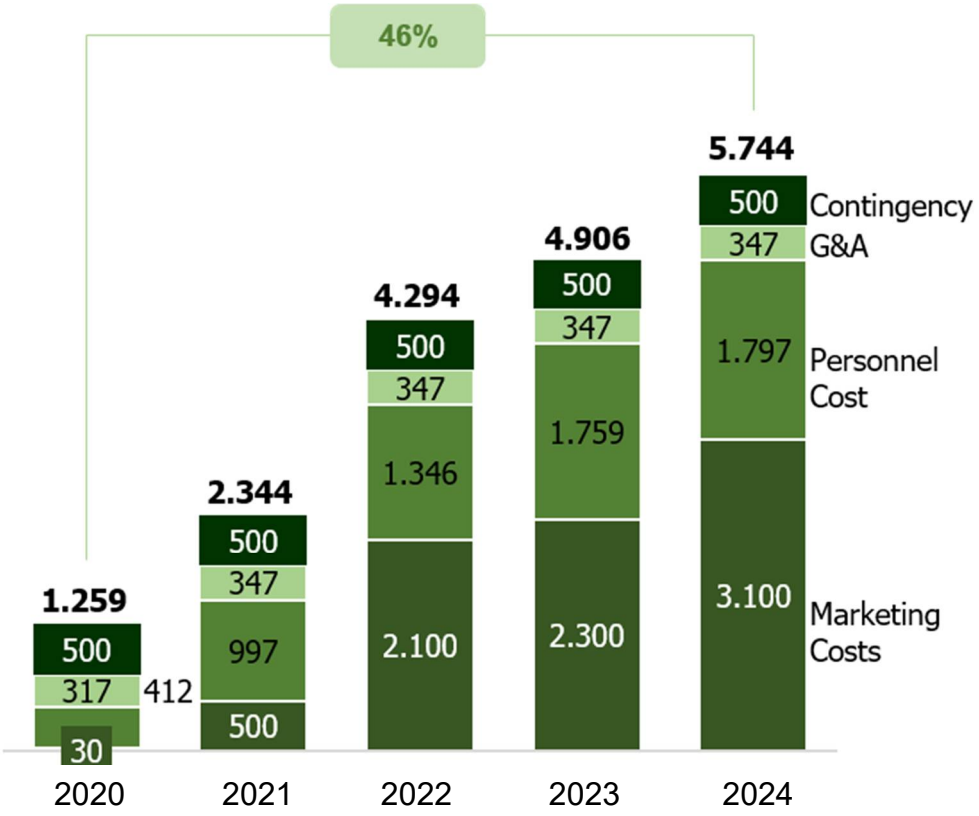
Capex

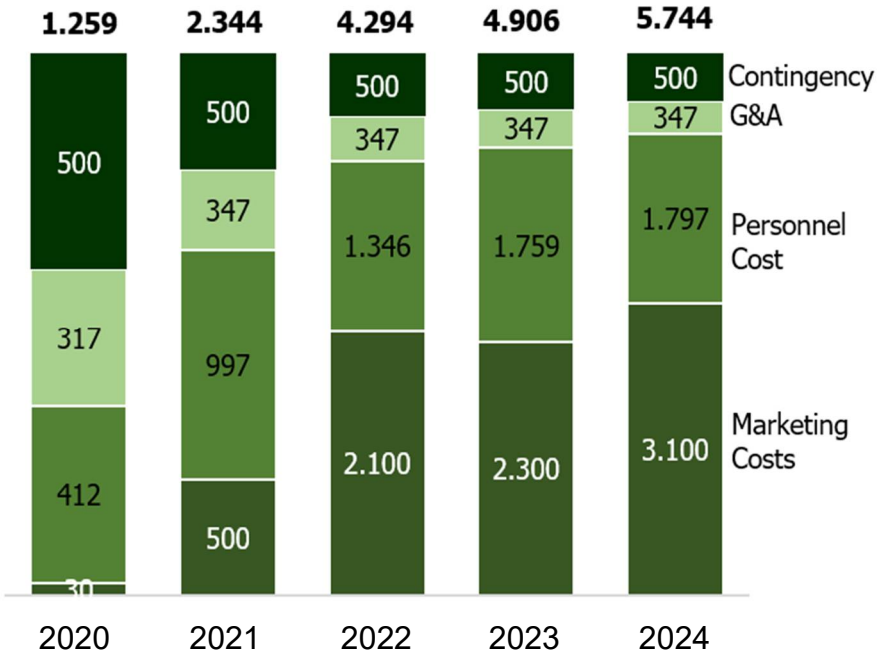
Capital expenditure as well as marketing costs, have been projected according to the distribution programs, the planned technical improvement of the device and the costs to be incurred in order to access new markets – i.e. US; Far East.

Opex

Operational expenses will shift over time from fixed to variable. Marketing costs are the most important components and will be subject to a substantial increase.

Data in TEUR

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4.294
4.906
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317
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347
997
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347
1.346
2.100
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347
1.759
2.300
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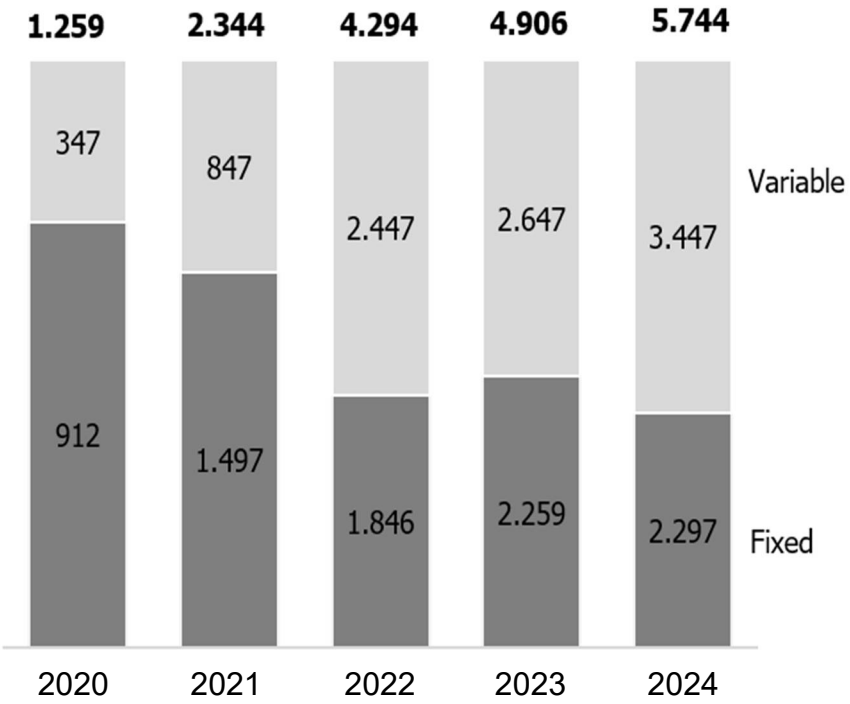
347
1.797
3.100
Contingency
G&A
Personnel Cost
Marketing Costs
2020
2021
2022
2023
2024


1.259
2.344
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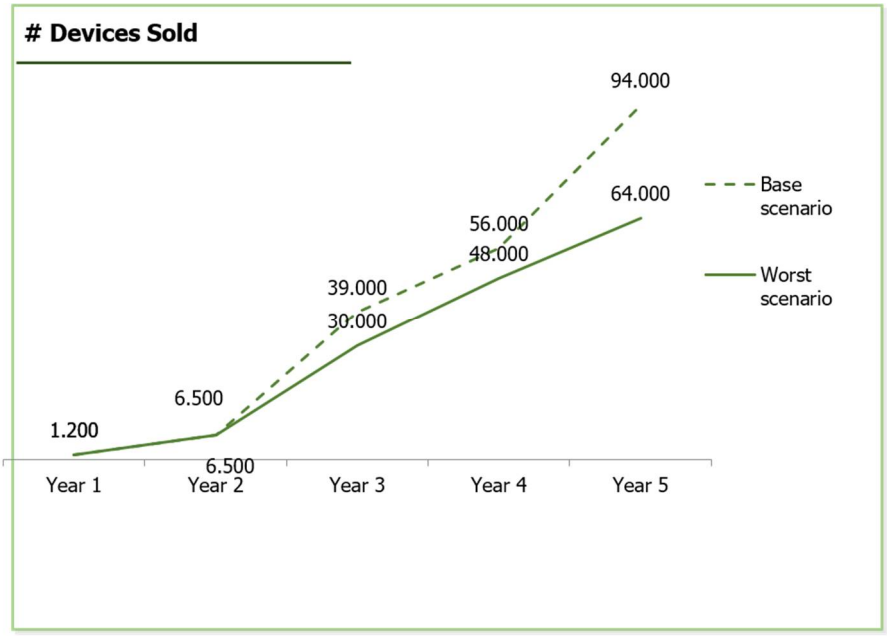
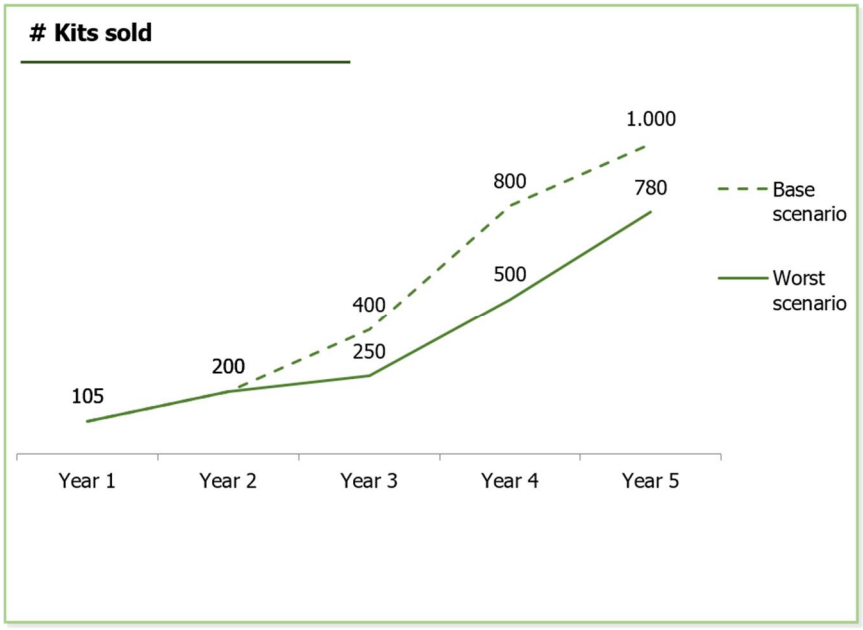
847
1.497
2.447
1.846
2.647
2.259
3.447
2.297
Variable
Fixed
2020
2021
2022
2023
2024

Volumes and growth

Volumes and growth differ significantly in the two scenarios set out above, except for in the first couple of years:



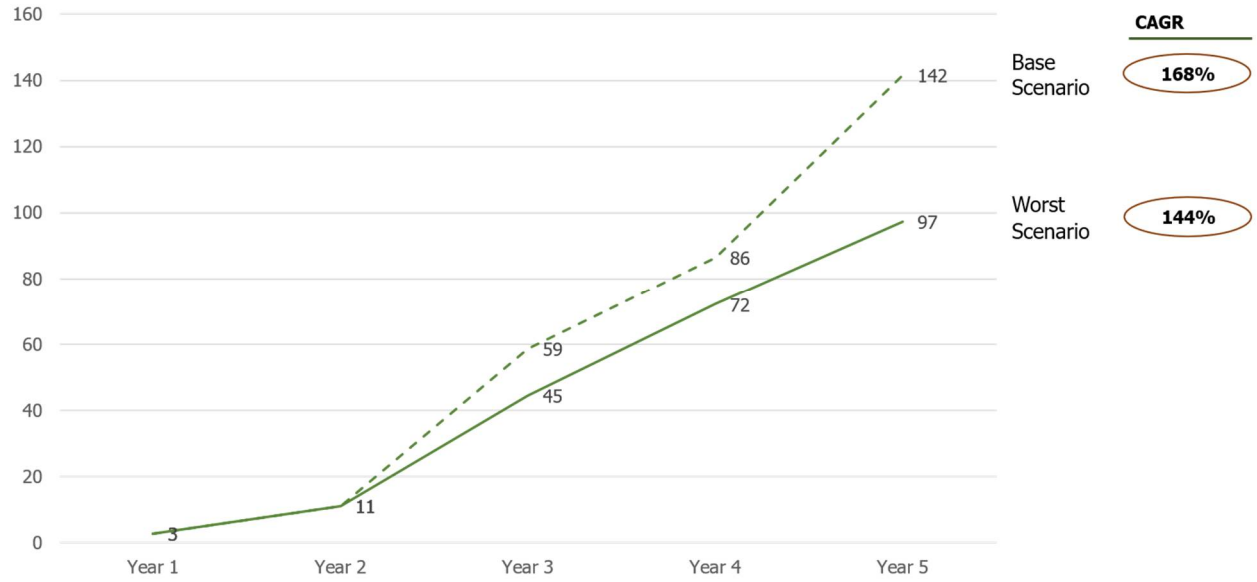
Note: Year 1 refers to 2020, Year 2 refers to 2021, Year 3 refers to 2022, Year 4 refers to 2023 and Year 5 refers to 2024.



Turnover and compound annual growth (CAGR)

Base Scenario foresees a sharp increase in turnover triggered by a different penetration of the market (Volume Effect)

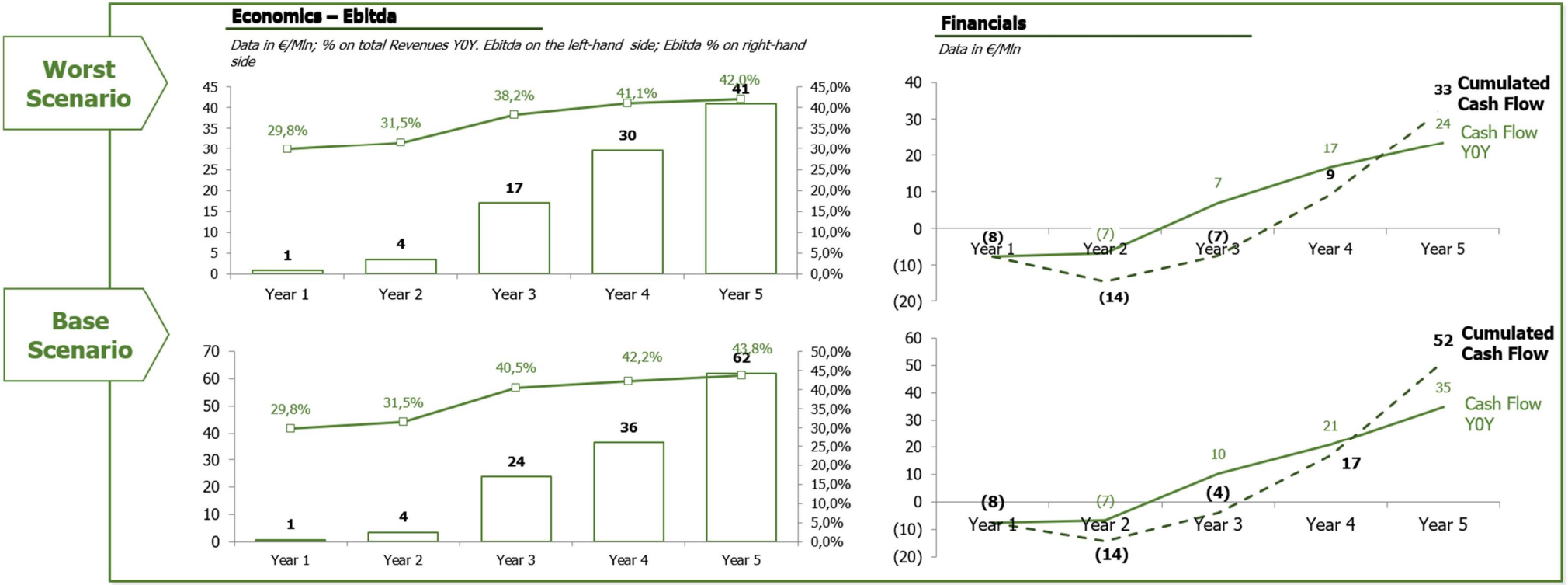
Data in Mio EUR



Note: Year 1 refers to 2020, Year 2 refers to 2021, Year 3 refers to 2022, Year 4 refers to 2023 and Year 5 refers to 2024.

Other Economic and financial key figures

In the Worst Scenario after the financial year 2022 the Y0Y cash flow is always positive. The different EBITDA margin between the two scenarios, is to be to be attributed to the different scale of sales (Volume effect):

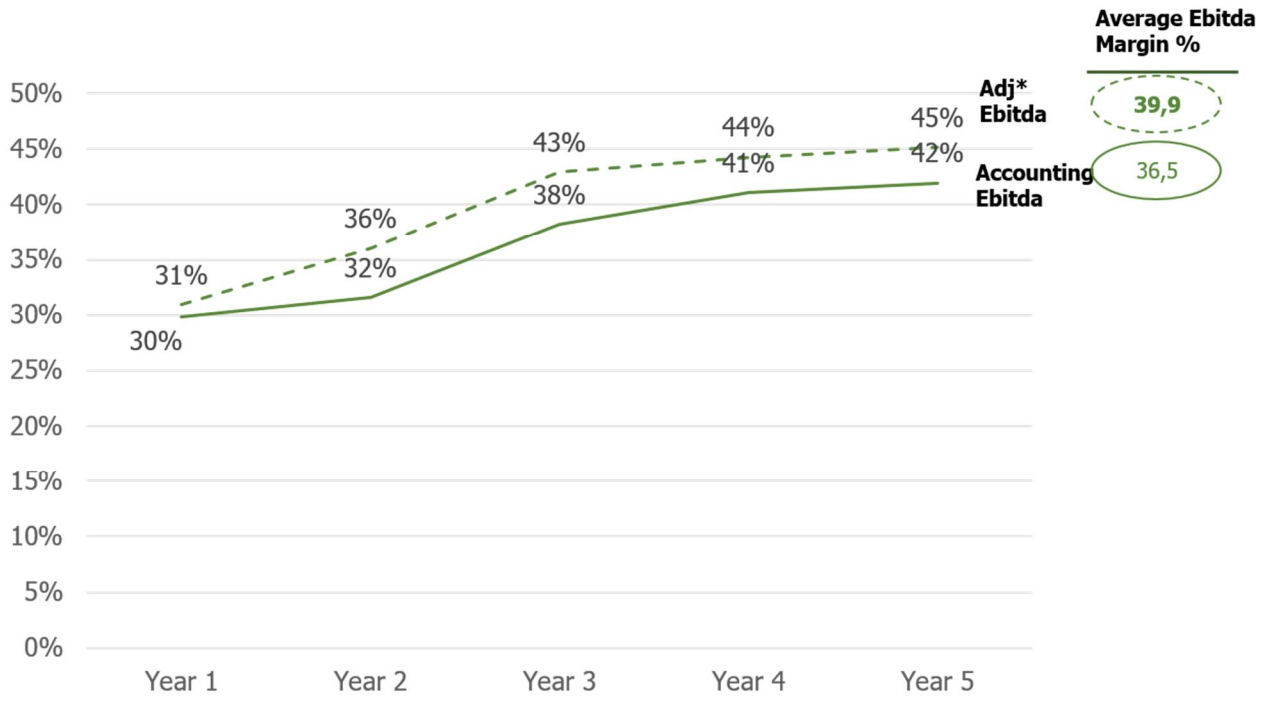


Note: Year 1 refers to 2020, Year 2 refers to 2021, Year 3 refers to 2022, Year 4 refers to 2023 and Year 5 refers to 2024.

Adjusted EBITDA

Adjusted EBITDA represents the gross operating margin without the effect of marketing expenses considered as capex rather than opex (focus on: worst scenario).

Accounting EBITDA is affected by the marketing expenses that will be sustained on a high level in order to increase the popularity of the devices. It is assumed that these costs cannot be activated in the balance sheet. The adjusted EBITDA provides a better information about the profitability of the business:



Note: Year 1 refers to 2020, Year 2 refers to 2021, Year 3 refers to 2022, Year 4 refers to 2023 and Year 5 refers to 2024.

Projected Income Statement

Income Statement **Worst Scenario *(in TEUR)***	**Year-2**	**Year-1**	**Year0**	**Year1**	**Year2**	**Year3**	**Year4**	**Year5**
Turnover	0	0	73	2.730	11.100	44.500	72.200	97.400
COGS			(45)	(1.422)	(5.785)	(23.200)	(37.640)	(50.776)
Gross Profit			**28**	**1.308**	**5.315**	**21.300**	**34.560**	**46.624**
Gross Profit %			*38,2%*	*47,9%*	*47,9%*	*47,9%*	*47,9%*	*47,9%*
Personnel costs			(26)	(147)	(467)	(1.346)	(1.759)	(1.797)
G&A	(1)	(4)	(1)	(347)	(847)	(2.447)	(2.647)	(3.447)
Allowances				(500)	(500)	(500)	(500)	(500)
Ebitda	**(1)**	**(4)**	**1**	**815**	**3.502**	**17.007**	**29.654**	**40.880**
Ebitda%			*1,2%*	*29,8%*	*31,5%*	*38,2%*	*41,1%*	*42,0%*
Ammortization				(1.574)	(3.506)	(4.071)	(4.306)	(4.616)
Allowance								
Ebit	**(1)**	**(4)**	**1**	**(759)**	**(5)**	**12.936**	**25.348**	**36.264**
Ebit%			*1,2%*	*-27,8%*	*0,0%*	*29,1%*	*35,1%*	*37,2%*
Net financial Charges								
Ebt	**(1)**	**(4)**	**1**	**(759)**	**(5)**	**12.936**	**25.348**	**36.264**
Ebt%			*1,2%*	*-27,8%*	*0,0%*	*29,1%*	*35,1%*	*37,2%*
Taxes			0	0	(22)	(4.035)	(8.277)	(11.807)
Net Earning	**(1)**	**(4)**	**1**	**(759)**	**(27)**	**8.901**	**17.071**	**24.457**
Net Earning%			*1,2%*	*-27,8%*	*-0,2%*	*20,0%*	*23,6%*	*25,1%*

Income Statement **Base Scenario *(in TEUR)***	**Year-2**	**Year-1**	**Year0**	**Year1**	**Year2**	**Year3**	**Year4**	**Year5**
Turnover	0	0	73	2.730	11.100	58.600	86.400	141.600
COGS			(45)	(1.422)	(5.785)	(30.550)	(45.040)	(73.820)
Gross Profit			**28**	**1.308**	**5.315**	**28.050**	**41.360**	**67.780**
Gross Profit %			*38,2%*	*47,9%*	*47,9%*	*47,9%*	*47,9%*	*47,9%*
Personnel costs				(147)	(467)	(1.346)	(1.759)	(1.797)
G&A	(1)	(4)		(347)	(847)	(2.447)	(2.647)	(3.447)
RDE				(500)	(500)	(500)	(500)	(500)
Ebitda	**(1)**	**(4)**	**28**	**815**	**3.502**	**23.757**	**36.454**	**62.036**
Ebitda%			*38,2%*	*29,8%*	*31,5%*	*40,5%*	*42,2%*	*43,8%*
Ammortization			0	(1.574)	(3.506)	(4.071)	(4.306)	(4.616)
Allowance								
Ebit	**(1)**	**(4)**	**28**	**(759)**	**(5)**	**19.686**	**32.148**	**57.420**
Ebit%			*38,2%*	*-27,8%*	*0,0%*	*33,6%*	*37,2%*	*40,6%*
Net financial Charges								
Ebt	**(1)**	**(4)**	**28**	**(759)**	**(5)**	**19.686**	**32.148**	**57.420**
Ebt%			*38,2%*	*-27,8%*	*0,0%*	*33,6%*	*37,2%*	*40,6%*
Taxes			0	0	(22)	(6.216)	(10.475)	(18.645)
Net Earning	**(1)**	**(4)**	**28**	**(759)**	**(27)**	**13.470**	**21.673**	**38.775**
Net Earning%			*38,2%*	*-27,8%*	*-0,2%*	*23,0%*	*25,1%*	*27,4%*

Projected Balance Sheet

Balance Sheet **Worst Scenario (in TEUR)**	**Year-2**	**Year-1**	**Year0**	**Year1**	**Year2**	**Year3**	**Year4**	**Year5**
€/000								
Tangible asset	2	510	5	1.547	2.114	1.781	1.449	1.116
Intangible asset	5	5	981	6.394	12.321	11.407	8.609	5.876
Net fixed asset	**7**	**514**	**986**	**7.941**	**14.435**	**13.189**	**10.058**	**6.992**
Inventories				71	360	1.520	3.402	5.941
Trade receivable	10	11		278	1.129	4.524	7.340	9.902
Other current asset			62	0	0	0	0	0
Trade payables	(8)	(520)	(929)	(24)	(57)	(166)	(179)	(234)
Tax debt			(7)	(87)	(376)	(1.542)	(2.550)	(3.445)
Other current liabilities			(7)	0	0	0	0	0
E-o-S benefit to employees				(11)	(45)	(145)	(275)	(409)
Net Working capital	**2**	**(509)**	**(881)**	**227**	**1.010**	**4.192**	**7.738**	**11.756**
Total Asset	**8**	**5**	**105**	**8.168**	**15.445**	**17.380**	**17.795**	**18.748**
Share capital	10	10	100	366	896	896	896	896
Legal Reserve				0				
Other reserves				1.116	1.116	1.116	1.116	1.116
Retained Earnings		(1)	(4)	(3)	(763)	(789)	8.112	25.182
Net Earning	(1)	(4)	1	(759)	(27)	8.901	17.071	24.457
Equity	**9**	**6**	**97**	**719**	**1.222**	**10.124**	**27.194**	**51.651**
Long term debt								
Shareholder Loan			6	6	6	6	6	6
Short debt								
Cash	(1)	(1)	(2)	7.443	14.217	7.251	(9.405)	(32.909)
Net indebtedness	**(1)**	**(1)**	**4**	**7.449**	**14.223**	**7.257**	**(9.399)**	**(32.903)**
Total Liabilities and Owner's Equity	**8**	**5**	**105**	**8.168**	**15.445**	**17.380**	**17.795**	**18.748**

Balance Sheet **Base Scenario *(in TEUR)***	**Year-2**	**Year-1**	**Year0**	**Year1**	**Year2**	**Year3**	**Year4**	**Year5**
€/000								
Tangible asset	2	510	5	1.547	2.114	1.781	1.449	1.116
Intangible asset	5	5	981	6.394	12.321	11.407	8.609	5.876
Net fixed asset	**7**	**514**	**986**	**7.941**	**14.435**	**13.189**	**10.058**	**6.992**
Inventories	0	0	0	71	360	1.888	4.140	7.831
Trade receivable	0	0	0	278	1.129	5.958	8.784	14.396
Other current asset	0	0	62	0	0	0	0	0
Trade payables	(8)	(520)	(929)	(24)	(57)	(166)	(179)	(234)
Tax debt	0	0	(7)	(87)	(376)	(2.059)	(3.071)	(5.066)
Other current liabilities	0	0	(7)	(12)	(39)	(112)	(147)	(150)
E-o-S benefit to employees	0	0	0	(11)	(45)	(145)	(275)	(409)
Net Working capital	**(8)**	**(520)**	**(881)**	**215**	**971**	**5.363**	**9.252**	**16.369**
Total Asset	**(1)**	**(6)**	**105**	**8.156**	**15.406**	**18.552**	**19.309**	**23.361**
Share capital	10	10	100	366	896	896	896	896
Legal Reserve	0	0	0	0	0	0	0	0
Othe reserves	0	0	0	1.116	1.116	1.116	1.116	1.116
Retained Earnings	0	(1)	(4)	(3)	(763)	(789)	12.680	34.353
Net Earning	(1)	(4)	1	(759)	(27)	13.470	21.673	38.775
Equity	**9**	**6**	**97**	**719**	**1.222**	**14.692**	**36.365**	**75.140**
Long term debt	0	0	0	0	0	0	0	0
Shareholder Loan	0	0	6	0	0	0	0	0
Short debt	0	0	0	0	0	0	0	0
Cash	(1)	(1)	2	7.436	14.183	3.860	(17.056)	(51.779)
Net indebtedness	**(1)**	**(1)**	**8**	**7.436**	**14.184**	**3.860**	**(17.056)**	**(51.779)**
Total Liabilities and Owner's Equity	**8**	**5**	**105**	**8.156**	**15.406**	**18.552**	**19.309**	**23.361**

Projected Financial Statement Sheet

Financial Statement **Worst Scenario (in TEUR)**	**Year-2**	**Year-1**	**Year0**	**Year1**	**Year2**	**Year3**	**Year4**	**Year5**
Cash at the beginning	**0**	**1**	**1**	**(8)**	**(7.448)**	**(14.222)**	**(7.257)**	**9.399**
Net Earning	(1)	(4)	1	(759)	(27)	8.901	17.071	24.457
vAmmortization	0	0	0	1.574	3.506	4.071	4.306	4.616
Allowance	0	0	0	0	0	0	0	0
D NWC	(2)	511	372	(1.108)	(783)	(3.182)	(3.546)	(4.019)
Operating Cash Flow	**(2)**	**507**	**373**	**(294)**	**2.696**	**9.791**	**17.831**	**25.054**
Capex	(7)	(507)	(477)	(8.529)	(10.000)	(2.825)	(1.175)	(1.550)
Disposal								
Free cash flow	**(9)**	**0**	**(104)**	**(8.823)**	**(7.304)**	**6.966**	**16.656**	**23.504**

Share capital	10	0	90	1.382	530	0	0	0
Δ SH'Loan	0	0	6	0	0	0	0	0
Δ Long term debt	0	0	0	0	0	0	0	0
Δ Short term debt	0	0	0	0	0	0	0	0
Total cash flow	**1**	**0**	**(9)**	**(7.441)**	**(6.774)**	**6.966**	**16.656**	**23.504**
Cash at the end	**1**	**1**	**(8)**	**(7.448)**	**(14.222)**	**(7.257)**	**9.399**	**32.903**

Financial Statement **Base Scenario** ***(in TEUR)***	**Year-2**	**Year-1**	**Year0**	**Year1**	**Year2**	**Year3**	**Year4**	**Year5**
Cash at the beginning	**0**	**1**	**1**	**(8)**	**(7.436)**	**(14.184)**	**(3.860)**	**17.056**
Net Earning	(1)	(4)	1	(759)	(27)	13.470	21.673	38.775
Ammortization	0	0	0	1.574	3.506	4.071	4.306	4.616
Allowance	0	0	0	0	0	0	0	0
D NWC	(2)	511	372	(1.096)	(757)	(4.392)	(3.888)	(7.118)
Operating Cash Flow	**(2)**	**507**	**373**	**(281)**	**2.723**	**13.148**	**22.091**	**36.273**
Capex	(7)	(507)	(477)	(8.529)	(10.000)	(2.825)	(1.175)	(1.550)
Disposal								
Free cash flow	**(9)**	**0**	**(104)**	**(8.810)**	**(7.277)**	**10.323**	**20.916**	**34.723**
Share capital	10	0	90	1.382	530	0	0	0
Δ SH'Loan	0	0	6	0	0	0	0	0
Δ Long term debt	0	0	0	0	0	0	0	0
Δ Short term debt	0	0	0	0	0	0	0	0
Total cash flow	**1**	**0**	**(9)**	**(7.428)**	**(6.747)**	**10.323**	**20.916**	**34.723**
Cash at the end	**1**	**1**	**(8)**	**(7.436)**	**(14.184)**	**(3.860)**	**17.056**	**51.779**

SECTION II – Use of the issuing proceeds

The main goal of the listing of the Issuer's shares on the Luxembourg Securities Official List ("SOL") is to attract new investors to boost the treatment and devices developed by ECS. This admission on the Luxembourg SOL will generate more visibility and publicity and will therefore allow for an easier way to meet and attract new investors, as well as high quality managers and researchers.

In addition and in order to open new markets, by replicating the actual business mode based on the definition of distribution and sales agreement with primary specialized operators, a listed company will allow a more balanced distribution of bargaining power between the parties when signing new agreements.

SECTION III – RISK FACTORS

1. Risk Factors Relating to the Company

Capital loss

There is a risk that shareholders may lose all or part of their capital. In the event of insolvency of the Company, the shareholders will only participate in the insolvency assets after the creditors have been satisfied.

Variation in the price of the Shares

The price of Shares may fluctuate significantly for different reasons, in particular as a result of changing actual or projected results, changing profit forecasts or failing to meet the expectations of securities analysts, changing general economic conditions or even realizing one or more risks mentioned in this information memorandum.

Dilution of the existing shareholders in case of capital increases of the Company

To finance potential future acquisitions or other investments, the Company may carry out capital increases and, if necessary, exclude the subscription rights of existing shareholders. Such capital increases may affect the price of the Shares and, in the case of a subscription right exclusion, dilute the stake of existing shareholders in the share capital of the Company.

Currency risk

The shares of the Company are listed in Euro. If the reference currency of a shareholder is a currency other than the Euro, such a shareholder may be adversely affected by a decrease in the value of the Euro relative to its reference currency. Shareholders can also incur further transaction costs by converting the euro into another currency.

Company subject to Italian law

The Company is a stock corporation under Italian law. The rights of the shareholders of the Company are governed by the articles of association of the Company and by Italian law. These rights may differ in some respects from the rights of shareholders in companies in countries other than Italy.

General corporate risks for the Company with focus on the medical device industry

There is a general entrepreneurial risk due to uncertainty in the development of the Company and its investments and the further business activities of the Company, the development of the business model on the market as well as the general market development.

Liquidity risk

The liquidity of the Company is dependent on its earnings and its ability to attract investors and ensure financing. Profits are generated from the sale of medical devices and treatment. If this results in delays in disbursement, irrespective of existing funding lines, this can have a material adverse effect on the Company's liquidity, which can significantly affect its ability to settle liabilities and distribute dividends.

In addition, the Company has defined the payment conditions with the most important counterparts in specific contracts. The financial needs, except for the capex, are typically of short-medium term. The business is characterized by the absence of seasonal fluctuations. Unplanned capex could be handled using Contingency. The financial projections must be considered very prudent (see also validation from Getinge in its specific letter) although does not take into account specific actions that can be undertaken to further minimize the liquidity risk – e.g. a betterment in payment terms with the most important suppliers and so on. In any case, Liquidity Risks could arise from specific negative business conditions - e.g. unplanned reduction in revenue and in profitability, increase in operational costs – some endogenous conditions – e.g. inadequate management of working capital - some exogenous conditions – e.g. a negative change in the fiscal environment - or due to inadequate financing facilities able to match the "duration" of the financial needs that they are supposed to support

Dependence upon the Board of Directors

The Board of Directors constantly makes decisions that affect the Company's earnings. There is a risk that the Board of Directors will not recognize and / or adequately assess deviations from expectations, potential market risks or difficulties early on and / or adequately, which may adversely affect the Company's net assets, financial figures and results of operations.

Overstatement of the valuation of the Company

The valuation of the Company may be, e.g. as a result of subsequent events or non-compliance with assumptions made in the course of the business valuation, prove to be incorrect and may have been overstated. This can have a negative effect on the net assets, financial figures and results of operations of the Company.

Dependence upon key persons

The economic success of the Company is largely based on the acquired R&D-knowledge and the relevant entrepreneurial and financial experience and knowledge of the respective management. In the event of the departure of key personnel from the Company, there is a risk that the Company will fail to attract comparably qualified key personnel within a reasonable time or on reasonable terms. The same applies to the departure of researchers. The competition for executives, experienced researches and other personnel is intense. It is not certain that the Company will be able to provide a sufficient number of highly qualified employees in the future. If the Company is required to relinquish the services of a member of the Board of Directors and other key personnel, this may have a material adverse effect on the Company's business, assets, financial, earnings and business prospects.

Potential claims for damages.

The Company operates in a business field in which it is exposed to potential claims for damages by clients, competitors or former employees. It cannot be ruled out that the Company may infringe the intellectual property rights of third parties. In this case, the Company may be exposed to significant claims for damages. If claims for damages against the Company become effective, this can lead to considerable financial burdens, which can lead to a significant deterioration in the asset, financial and earnings situation as well as in the insolvency of the Company.

Existing insurance coverage potentially insufficient to cover all conceivable damages

It cannot be ruled out that (i) individual risks arising from the business activities of the Company cannot be insured, (ii) the insurance cover is denied or is inadequate for other reasons and thus the Company itself has to bear the losses. This can have a negative impact on the net assets, financial figures and results of operations of the Company.

Limited protection of Intellectual property rights of the Company and its affiliates

Intellectual property right of the Company might be infringed by third parties or the legal protection may be insufficient. Furthermore, patent and trademark rights or other proprietary rights of the Company could only be enforceable at an economically unjustifiable expense or – under certain circumstances – unenforceable in certain jurisdictions. All these circumstances can have material adverse effects on the net assets, financial figures and results of operations of the Company.

Legal and regulatory risk

The Company is subject to numerous and increasingly stringent legal and regulatory requirements and to approvals or other authorizations for their products, treatments and activities. The tightening of legal regulations may lead to a decline in sales, which could

have a significant negative impact on the Company's net assets, financial figures and results of operations.

Depending upon doctors, hospitals and other healthcare providers

Doctors play a significant role in determining the course of treatment and, ultimately, the type of product that will be used to treat a patient, so the Issuer relies on effectively marketing to them. The Issuer must convince doctors, hospitals and other healthcare providers that its products are attractive alternatives to other (existing) procedures. Acceptance of the Issuer's products depends on educating doctors, hospitals and other health care providers as to the characteristics and possible benefits of its products and procedures. A failure to convince doctors, hospitals and other healthcare providers could negatively affect the Company's activity and its economic and financial situation.

Dependence upon a limited number of third-party producers for the supply of its devices.

The Issuer has no own producing and manufacturing capacities and therefore relies on the producing and manufacturing capacities of third parties. The loss of any of these third-party producers, or their inability to provide the Issuer with the ordered number of devices or acceptable terms and conditions for the production could negatively affect the Company's activity and its economic and financial situation.

Early stage company

The Issuer was established in 2016 but has not been operational until 2019. Accordingly, the organization as such has limited experience to base their evaluation of the Issuer's business and prospects.

In addition, the business of the Issuer and the concept of the developed products are based on assumptions on the COPD market, which can turn out to be incorrect. In this case, the Issuer may not be able to implement its business plan and reach the targets and milestones set therein. Due to the strict focus in the COPD market, the Issuer may, in the case that the assumptions on the COPD market prove to be wrong, not be able to adapt to the changed circumstances, which may have a negative impact on the financial situation of the Issuer.

The COPD market as such is evolving and therefore there may be no reliable general information, data or experience related to this market available.

These risks may include *inter alia* the Issuer's ability to:

- manage changing and expanding operations or markets;
- continue to develop and enhance the devices and procedures;
- establish and increase awareness of the Issuer's brands and strengthen customer loyalty;

- implement and successfully follow the Issuer's business plan and marketing strategy;
- respond effectively to competitive pressures and developments, especially connected to IP infractions;
- obtain regulatory clearance or approval to commercialize improves or newly developed devices and treatments;
- expand the Issuer's presence and market share in European and international markets;
- perform clinical research and trials on existing and future devices and treatments;
- attract, retain and motivate qualified personnel, such as management and researchers.

The Issuer can also be negatively affected by general economic conditions. Because of the limited operating history, it may not have insight into trends that could emerge and negatively affect the Issuer's business. As a result of these or other risks, the business strategy of the Issuer might not be successful.

Highly competitive business area

The Issuer is active in a branch of industry, namely medical devices and treatment of COPD, which is highly competitive. Many of the current and potential competitors are major medical device companies that have substantially greater financial, technical and marketing resources than the Issuer do, and they may succeed in developing products that would render our products obsolete or non-competitive. In addition, many of these competitors have significantly longer operating history and more established reputations than those of the Issuer, which may benefit them in the introduction of new medicine devices and treatments. Because of the potential size of the potential market, it is likely that established companies will allocate dedicate significant resources to the development of competing products.

Many of our larger competitors are either publicly traded or divisions or subsidiaries of publicly traded companies. These competitors enjoy several competitive advantages over the Issuer, including:

- greater financial, human and other resources for product research and development, sales and marketing and litigation;
- greater name recognition;
- established relationships with doctors, hospitals and other healthcare providers;
- large and established sales and marketing and distribution networks;
- greater experience in obtaining and maintaining regulatory clearances or approvals for products and product enhancements;
- more expansive portfolios of intellectual property rights and

- greater ability to cross-sell their products or to incentivize hospitals or surgeons to use their products.

A failure to compete successfully against existing or potential competitors or a belated introduction of products to a satisfied market, may result in a stagnation or reduction of sales, operating results and ultimately financial figures.

Clinical Studies

Randomized clinical trials ("RCT") performed on large populations collected in different centers in different countries are key for the adoption of new medical devices. Moreover, regulatory agencies such as the US FDA, the European Medical Agency ("EMA", Europe) the National Medical Products Administration ("NMPA", China), and the Central Drugs Standard Control Organization ("CDSCO", India) are expanding to medical devices the regulatory process required for pharmacological agents and impose RCT to authorize the marketing of new devices.

Several studies have already demonstrated the efficacy of ECCO2R to prevent lethal evolution of COPD in the acute phase (in the intensive care unit) and in the medical ward. However, these studies, although almost conclusive in scientific terms, have had a limited impact in terms of marked adoption of ECCO2R for COPD due to the following reasons: (a) each individual study was performed in a single center; (b) each individual study was performed in a small number of patients; (c) study design was limited in terms of lack of randomization against a control group and quality of the analysis

To obtain the largest market adoption and obtain the strongest evidences that would allow authorization for marketing in the entire world, the Company will invest significant resources to perform two clinical studies. Principal investigators (Pis) of these studies are Prof V. Marco Ranieri and Stefano Nava, both worldwide recognized leaders in the field of research respiratory and critical care medicine and will CONFIRM using: (a) the optimal methodology (randomization against a control group); (b) the appropriate number of patients (300 patients for the study in the ICU, and 100 patients for the study in the medical ward); (c) the largest number of sites (30 centers for the study in the ICU, and 10 centers for the study in the medical ward); (d) the optimal geographic distribution of sites (Italy, Germany, France, Spain and the UK in Europe, Turkey, China and India in Asia, Canada in North America).

These data therefore suggest that while the chances for the two trials to lack confirmation of previous studies are only theoretical, their performance and their publication on the top medical journals (NEJM, JAMA, Lancet) will guarantee authorization in all countries and large adoption from the medical community.

Importance of the promotion and the positioning of the brands.

Establishing and strengthening the Issuer's brands (especially *PneumoHelp*) is critical to achieving acceptance of the products. Promoting and positioning the brands will depend largely on the success of the Issuer's marketing efforts and the ability to provide doctors,

hospitals and other medical service provides with reliable products and comprehensive information about the products and possible areas of application. A failure to successfully promote and maintain the brands may cause sales to decrease and may negatively affect business, results of operations and financial conditions.

Operating leverage risk

Part of the costs of the Issuer is represented by fixed costs which are necessary to ensure operations in the sector in which the Issuer is active (which requires a significant production capacity) and which will not be reduced should the volumes of products sold decrease. Therefore, a reduction of the volumes of products sold could negatively affect the Issuer's activity and its economic and financial situation.

Value of fixed financial assets

The Company as of today has no participations, investments or any other instruments or securities classifiable as financial asset. In any case, it is plausible that in the next years in order to control the most important phases of its Value Chain – R&D and System Integration (manufacturing), the Company will purchase stakes into some manufacturers and into independent research centers or laboratories. It is worth considering that these investments will not generate further cash outflows, due to an applicable shares' exchange scheme. As from the stake's acquisition, the Company is however exposed to the risk of a fluctuation in its participation's value

Operational risks

The Company is subject to various operational risks - including the risk of fraud by employees of other persons, unauthorized transactions by employees or operational errors, including due to malfunctions or bugs in IT systems - which may negatively affect the Company's economic and financial situation.

2. Risk Factors

IP risks

One cannot exclude that, notwithstanding the IP protection systems that the Issuer has put in place, there may be difficulties in protecting such rights or obtaining additional IP rights necessary to protect the Issuer's activity and IP rights against competitors. In such an event, there may be negative effects on the Issuer's economic and financial situation.

Risks related to the economic-financial trends

The Issuer's stability and its capacity to generate revenues, regardless of the fact that the Issuer is active in the business-to-business segment, are affected by the general economic situation and by the dynamics of the financial markets and, in particular, of the stability and outlook of the Republic of Italy, and the creditworthiness of the Issuer. The following elements are therefore relevant: investors' confidence, level and volatility of short term and long-term interest rates, exchange rates, financial markets liquidity, availability and cost of capital, sovereign debt sustainability, family incomes, consumer expenditure, unemployment levels, inflation and housing costs.

Even if the Issuer obtained positive results during the current economic crisis, it cannot be excluded that the crisis continues and may have an impact on the activity and outlook of the Issuer as well as on its economic and financial situation.

Price risk

Even a professional investor which may wish to sell the Shares may encounter significant difficulties in finding a purchaser and bears the risk of obtaining a lower price than the initially paid share-price or the nominal value of the Shares. As a matter of fact, after their subscription, the sale price of the Share may be affected by different elements such as:

- interest and market rate variations;
- characteristics of the market in which the Shares will be listed;
- variation of the financial performance of the Issuer;
- commissions and other dues.

Risks connected to a deterioration of the Issuer's creditworthiness

One cannot exclude that after subscription the price of the Shares may be subject to negative variations in cases of deterioration of the financial situation of the Issuer or of its creditworthiness. This may have an impact on the price of the Shares on the secondary market.

Risks related to events which are not under the control of the Issuer

Press releases or changes in general market conditions may significantly affect the market value of the Shares, as well as market fluctuations, general economic and political conditions, regardless of the Issuer's creditworthiness.

Amendments to the fiscal regime

All the present and future taxes applicable to the payments (dividends) made in connection with the Shares are due by each respective shareholder. There is no certainty that the fiscal

regime currently applicable or newly introduced regime will not vary with a negative impact on the net return expected by the shareholders.

Conflicts of interest with the persons involved in the issuance

The persons involved in the issuance of the Shares may have an autonomous interest potentially conflicting with the interest of a Shareholder. These conflicts of interest may adversely affect the Company's business, assets, financial and earnings figures.

Blocking minority

Roberto Intennimeo holds more than 25 percent of the Shares and voting rights of the Company and thus, due to the shareholder structure of the Company has significant influence over the Company, its business, its investment and dividend policy. This may have a negative impact on the business, net assets, financial position and results of operations of the Company and Roberto Intennimeo may be in a conflict of interest with other minor Shareholders.

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