FINANCIAL YEAR 30

2016

ANNUAL REPORT

EXERP APS

COPENHAGEN

CVR NO. 10 50 11 48

Approved at the annual general meeting of shareholders

Copenhagen 11 / 5 2017

Nicola De Cesare

Chairman

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Content

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Statement by management on the annual report

Today, the Executive and Supervisory Boards have discussed and approved the annual report of Exerp ApS for the financial year 1 January - 31 December 2016.

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

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2016 and of the results of its operations for the financial year 1 January - 31 December 2016.

In our opinion, Management's Review includes a fair review of the matters dealt with in the Management's review.

We recommend the adoption of the annual report at the annual general meeting.

Copenhagen, 24 March 2017

Director

Rémi Paul Nodet
CEO

Supervisory board:

Nicola de Cesare

Fabrizio Giudici

Stefano Zanelli

Rolf Bjarne Thaisen Hansen

Martin Lohse

Independent auditor's reports

To the Shareholders of Exerp ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2016, and of the results of the Company's operations for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Exerp ApS for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet and notes, including a summary of significant accounting policies ("financial statements").

Basis for Opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

Management's Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the over-ride of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control

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

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 24 March 2017

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Kim Tromholt
State Authorised Public Accountant

Leif Ulbæk Jensen
State Authorised Public Accountant

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Company details

The company	Exerp ApS Kalvebod Brygge 24, 2. Sal 1560 Copenhagen V	
	CVR No.:	10 50 11 48
	Financial year:	1 January – 31 December
	Founded:	1 September 1986
	Home:	Copenhagen
Supervisory board	Nicola de Cesare Fabrizio Giudici Stefano Zanelli Rolf Bjarne Thaisen Hansen Martin Lohse	
Director	Rémi Paul Nodet, CEO	
Auditors	PricewaterhouseCoopers, Statsautoriseret Revisionspartnerselskab Strandvejen 44, 2900 Hellerup, Denmark Telefon +45 39 45 39 45	

Management's review

The company's core activities

The core activities consist of development, sale and support of IT software for operation of fitness centers.

Business review

The company has over the years been in a positive trend of steady growth and strong demand. The trend continued in 2016 with growth among existing customers and increasing international demand. Exerp has signed a major contract with a client in Canada and established an office in Florida, which are the first steps towards an expansion in North America.

Exerp continued investing in its software platform and delivered a range of new optional features: localisation for North America, recurring clip-cards as well as further work on BI solutions and mobile apps.

In 2016, the company's revenue increased with approximately 15 % but the operating profit has decreased to 14.4 million DKK in 2016 compared to 15.3 million DKK in 2015. The revenue was affected by an unfavorable GBP/DKK exchange rate throughout the year related to Brexit, and the operating profit was affected by the costs related to the establishment of a subsidiary in the US, as well as a significant increase of staff, to be able to deliver the major project in Canada and meet the anticipated increase in demand in 2017.

The income statement for 2016 shows a net profit of 11.0 million DKK against 11.8 million DKK last year, and the balance sheet at 31 December 2016 shows equity of 8.3 million DKK. The management considers the company's financial performance in the year satisfactory and expects further growth in 2017.

Capital resources

The balance sheet of the company per 31 December 2016 shows equity of 8.3 million DKK.

Post balance sheet events

No significant events have occurred subsequent to the financial year.

Income statement for the year ended 31 December

	Notes	2016	2015
		DKK	DKK
Gross Margin		46.882.297	43.481.301
Staff costs	2	-31.288.668	-26.583.969
Profit before depreciations		**15.593.629**	**16.897.332**
Depreciations of tangible and intangible assets	3	-1.204.440	-1.559.069
Operating profit		**14.389.189**	**15.338.263**
Finance income		4.477	113.896
Finance expenses		-193.117	-67.528
Profit before tax		**14.200.550**	**15.384.632**
Tax for the year	4	-3.127.010	-3.609.264
Profit for the year		**11.073.539**	**11.775.367**

Approriation of the profit

Recommended appropriation of the profit for the year

	2016	2015
Dividend paid for the year	3.442.525	5.400.000
Proposed dividend	0	6.300.000
Retained earnings	7.631.015	75.367
	11.073.539	11.775.367

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Balance sheet at 31 December

Assets

	Notes	2016	2015
		DKK	DKK
Fixed assets			
Finished development projects		452.152	1.234.288
Total intangible assets	5	452.152	1.234.288
Plant and equipment		701.541	745.865
Leased assets to customers		16.932	20.456
Total plant and equipment	6	718.473	766.320
Total fixed assets		1.170.625	2.000.608
Finansial assets			
Investments in subsidiaries		6.687	0
Total finansial assets	7	6.687	0
Current assets			
Raw materials and consumables		70.071	113.737
Inventories		70.071	113.737
Trade receivables		6.048.688	3.703.877
Other receivables		1.092.956	758.781
Prepayments		1.211.019	969.080
Total receivables		8.352.662	5.431.738
Cash and cash equivalents		7.500.349	6.042.906
Total current assets		15.923.082	11.588.381
Total assets		17.100.393	13.588.990

Balance sheet at 31 December

Equity and Liabilities

	Notes	2016	2015
		DKK	DKK
Equity			
Share capital		186.966	186.966
Share premium reserve		0	38.000
Retained earnings		8.085.678	416.664
Proposed dividend		0	6.300.000
Total equity	8	**8.272.645**	**6.941.630**
Deferred tax	4	159.502	343.786
Total provisions		**159.502**	**343.786**
Prepayments from customers		318.588	349.849
Trade payables		1.335.671	741.544
Intercompany payables		112.175	0
Income taxes payable		2.378.562	78.830
Other payables		4.523.250	5.133.351
Short-term liabilities		**8.668.246**	**6.303.574**
Total liabilities		**8.668.246**	**6.303.574**
Total equity and liabilities		**17.100.393**	**13.588.990**
Contingencies and commitments	9		
Related parties	10		

Notes to the financial statement

1 Significant Accounting policies

The annual report of Exerp ApS is presented in accordance with the provisions of the Danish Financial Statements Act as regards reporting class B enterprises.

The accounting policies applied by the company are consistent with those of last year.

Reporting currency

Amounts stated in the annual report are denominated in Danish kroner.

Currency translation

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

Recognition and measurement in general

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities measured at fair value or amortised cost. Moreover, expenses incurred to generate earnings for the year are recognised, including depreciation, amortisation, impairment losses and provisions as well as reversals resulting from changed accounting estimates of amounts that used to be recognised in the income statement.

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

Liabilities are recognised in the statement of financial position when they are probable and the value can be reliably measured. On initial recognition, assets and liabilities are measured at cost. Subsequent to initial recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, in which case constant effective interest is recognised over the life of the asset or liability. Amortised cost is determined as original cost less repayments, if any, with the addition of or net of the accumulated amortisation of the difference between cost and nominal amount.

For recognition and measurement purposes, due consideration is given to predictable losses and risks arising before the annual report is presented and proving or disproving conditions existing at the reporting period end date.

Income statement

Revenue

Referring to the Danish Financial Statements Act § 32, revenue was not disclosed in the annual report.

Net revenue

Revenue is recognized in the income statement if delivery and transfer of ownership have taken place before year end. Revenue is measured net of all types of discounts/rebates granted. Also, revenue is measured net of VAT and other indirect taxes charged on behalf of third parties.

Cost of sales

Cost of sales includes the consumption of raw materials and consumables used to achieve net revenue.

Staff cost

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

Other external expenses

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

Depreciations

Depreciations include amortization and impairment of intangible and tangible fixed assets.

Financial income and expenses

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

Tax

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

Balance sheet

Intangible assets

Development costs are measured at cost less accumulated depreciations. Development costs are amortized straight-line basis over the contract period, which is estimated at 5 years.

Plant and equipment

Items of plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

The depreciation, which is calculated at cost less any residual value, straight line basis over their estimated useful lives, as follows:

Plant and equipment	3-8 years
Leasehold improvements	5 years
Leased assets to customers	1 year

Investment in subsidiaries

Investments in subsidiaries are measured at cost. Cost is written down to net realisable value whenever the cost exceeds the net realisable value.

Inventories

Inventories are measured at cost using the FIFO method. Where the net realizable value is lower than cost, the inventory is written down to this lower value.

The cost of trade goods includes the purchase price plus transportation costs.

The net realizable value of inventories is calculated as the selling price less costs of completion and costs to be incurred to make the sale and is determined taking into account marketability, obsolescence and development in expected sales price.

Receivables

Receivables are measured at amortized cost, which usually corresponds to the nominal value. Provisions are made for bad debts on the basis of objective evidence that a receivable or a group of receivables are impaired. Write downs are made to the lower of the net realizable value and the carrying amount.

Prepayments

Prepaid expenses recognized as assets include expenses related to subsequent financial years.

Income tax

Current tax payables and receivables are recognized in the balance sheet as the estimated tax charge in respect of the taxable income for the year, adjusted for tax on prior years' taxable income and tax paid on account.

Provisions for deferred tax are calculated, based on the liability method, of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income, as well as temporary differences on non-amortizable goodwill.

Deferred tax is measured according to the taxation rules and taxation rates in the respective countries applicable at the balance sheet date when the deferred tax is expected to crystallize as current tax. Deferred tax assets are recognized at the value at which they are expected to be utilized, either through elimination against tax on future earnings or through a set off against deferred tax liabilities within the same jurisdiction.

Other payables

Other payables are measured at net realizable value.

Notes to the financial statement

		2016	2015
		DKK	DKK
2	**Staff costs**		
	Salaries	30.915.680	26.253.328
	Pensions	11.517	23.886
	Other social security costs	361.471	306.756
		31.288.668	26.583.969
	Average number of employees	49	42

		2016	2015
3	**Depreciations of tangible and intangible assets**		
	Depreciations of intangible assets	782.136	1.188.738
	Depreciations of tangible assets	422.304	370.331
	Total depreciations	1.204.440	1.559.069
	comprising:		
	Finished development projects	782.136	1.188.738
	Plant and equipment	381.127	304.046
	Leased assets to customers	41.177	66.285
	Total	1.204.440	1.559.069

Notes to the financial statement

	2016	2015
	DKK	DKK
4 Tax for the year		
Current tax	3.306.562	3.854.830
Adjustment related to prior year and foreign tax	4.732	-24.407
Deferred tax	-184.284	-221.159
Total tax in the income statement	3.127.010	3.609.264
Deferred tax related to:		
Property, plant and equipment	-80.083	-70.714
Intangible assets	99.474	290.058
Prepaid expenses	140.111	124.442
Total deferred tax	159.502	343.786

Deferred tax is calculated with 22 % tax rate.

Notes to the financial statement

5 Intangible assets

	Finished development projects
Cost at 1 Januar 2016	20.925.998
Additions in the year	0
Cost at 31 December 2016	20.925.998
Depreciations at 1 Januar 2016	19.691.710
Depreciations in the year	782.136
Depreciations at 31 December 2016	20.473.846
Carring amount at 31 December 2016	**452.152**

6 Property, plant and equipment

	Plant and equipment	Leased assets to customers
Cost at 1 Januar 2016	1.923.431	201.838
Additions in the year	336.803	39.278
Disposals in the year	-15.503	-67.370
Cost at 31 December 2016	2.244.732	173.746
Depreciations at 1 Januar 2016	1.177.567	181.382
Depreciations in the year	381.127	41.177
Reversal of depreciation on disposals	-15.503	-65.745
Depreciations at 31 December 2016	1.543.191	156.814
Carring amount at 31 December 2016	**701.541**	**16.932**

7 Finansial assets

	Investments in subsidiaries
Cost at 1 Januar 2016	0
Additions in the year	6.687
Cost at 31 December 2016	6.687

Notes to the financial statement

8 Equity

	Share capital	Share premium reserve	Retained earnings	Proposed dividend for the financial year	Total
Equity 1 Januar 2016	186.966	38.000	416.664	6.300.000	6.941.630
Dividends paid for the year			-3.442.525		-3.442.525
Transfers		-38.000	38.000		0
Distributed dividend				-6.300.000	-6.300.000
Profit for the year			11.073.539		11.073.539
Proposed dividend			0	0	0
Equity 31 December 2016	**186.966**	**0**	**8.085.679**	**0**	**8.272.645**

9 Contingencies and commitments

Contingencies

The company has signed a lease agreement for office facilities that can be terminated respectively earliest at 30 June 2017 and 1 November 2019 equivalent to a lease obligation of TDKK 4.609.

The company has signed a company charge agreement with Handelsbanken of TDKK 1.400 to cover the overdraft facility.

The company has signed a parent company gurantee of TUSD 82 to Exerp America Inc. to cover for tradingpartner obligations.

Exerp ApS is jointly taxed with Amleto ApS. The total amount for corporate taxes payable is presented in the Annual Report for Amleto ApS as the the joint taxation administration company. The Danish companies in the Group will be jointly and individually liable for Danish withholding taxes covering dividend tax, royalty tax and interest tax.
Any subsequent adjustments to income taxes and withholding taxes may lead to a larger liability.

10 Related parties

Mother Company with group consolidated annual report:
Technogym S.p.A., Italy