

Johnson Health Tech Denmark ApS

Tuborgvej 5, 2900 Hellerup

Company reg. no. 37 30 03 30

Annual report

15 December 2015 - 31 December 2016

The annual report have been submitted and approved by the general meeting on the 16 June 2017.

Marco Vonk
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's report

The executive board has today presented the annual report of Johnson Health Tech Denmark ApS for the financial year 15 December 2015 to 31 December 2016.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position as on 31 December 2016 and of the company's results of its activities in the financial year 15 December 2015 to 31 December 2016.

The executive board considers the requirements of omission of audit of the annual accounts for 2015/16 as met.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Hellerup, 13 June 2017

Executive board

Kuang-Ting Lo

Ho Yeh-Hsing Lo

Kun-Chuan Lo

Marco Vonk

Auditor's report on compilation of the annual accounts

To the shareholders of Johnson Health Tech Denmark ApS

We have compiled the annual accounts of Johnson Health Tech Denmark ApS for the period 15 December 2015 to 31 December 2016 based on the bookkeeping of the company and on further information you have provided.

The annual accounts comprise the accounting policies used, profit and loss account, balance sheet and notes

We performed this engagement in accordance with ISRS 4410, Compilation Engagements.

We have applied our professional expertise to assist you in the preparation and presentation of the annual accounts in accordance with the Danish Financial Statements Act. We have complied with relevant requirements of the Danish Act on Approved Auditors and Audit Firms and with ethical requirements of the Danish Institute of State Authorised Public Accountants, including principles of integrity, objectivity, professional competence and due care.

The annual accounts and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile the annual accounts. Accordingly, we do not express an audit opinion or a review conclusion on whether the annual accounts are prepared in accordance with the Danish Financial Statements Act.

Copenhagen, 13 June 2017

Redmark

State Authorised Public Accountants
Company reg. no. 29 44 27 89

Connie Søbørg Hansen

State Authorised Public Accountant

Company data

The company	Johnson Health Tech Denmark ApS Tuborgvej 5 2900 Hellerup
	Company reg. no. 37 30 03 30
	Financial year: 15 December 2015 - 31 December 2016 1st financial year
Executive board	Kuang-Ting Lo Ho Yeh-Hsing Lo Kun-Chuan Lo Marco Vonk
Auditors	Redmark, Statsautoriseret Revisionspartnerselskab Dirch Passers Allé 76 2000 Frederiksberg
Bankers	Jyske Bank

Management's review

The principal activities of the company

The principal activities of the company is to market, sell and service fitness equipment as well as all company, in the opinion of the Executive Board, is related to this.

Development in activities and financial matters

The results from ordinary activities after tax are -2.949.445 DKK

The management consider the results unsatisfactory.

The company has lost its capital. The company's capital is expected within the next years thought positive results.

Capital resources:

The financial statements have been prepared under the assumption of continued operation.

For further description of assumptions for the assessment of going concern refers to the financial statements Note 1.

Accounting policies used

The annual report for Johnson Health Tech Denmark ApS is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises.

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

The profit and loss account

Gross loss

The gross loss comprises the net turnover, changes in inventories of finished goods and work in progress, work performed for own purposes and capitalised, other operating income, and external costs.

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

When the results of a contract can not be determined reliably, the net turnover is only recognised on a cost basis, however, to the extent that it is probable that the costs will be recovered.

Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

Accounting policies used

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The balance sheet

Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown. Land is not depreciated.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

If the amortisation period or the residual value is changed, the effect on amortisation will in the future be recognised as a change in the accounting estimates.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life:

Other plants, operating assets, fixtures and furniture	3-5 years
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Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Accounting policies used

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

Leasing contracts

The capitalised residual leasing liability is recognised in the balance sheet as a liability, and the interest part of the leasing contract is recognised in the profit and loss account over the term of the contract.

All other leasing contracts are considered operational leasing. Payments in connection with operational leasing and other rental agreements are recognised in the profit and loss account over the term of the contract. The company's total liabilities concerning operational leasing and rental agreements are recognised under contingencies etc.

Inventories

Inventories are measured at cost on basis of measured average prices. In case the net realisable value is lower than the cost, writedown takes place at this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

The net realisable value for inventories is recognised as the market price with deduction of completion costs and selling costs. The net realisable value is determined taking into consideration the negotiability, obsolescence, and development of the expected market price.

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Available funds

Available funds comprise cash at bank.

Liabilities

Other liabilities are measured at amortised cost which usually corresponds to the nominal value.

Profit and loss account 15 December 2015 - 31 December 2016

<u>Note</u>	<u>2015/16</u>
Gross loss	-959.379
2 Staff costs	-1.983.395
Depreciation and writedown relating to tangible fixed assets	-3.690
Operating profit	-2.946.464
3 Other financial costs	-2.981
Results before tax	-2.949.445
Tax on ordinary results	0
Results for the year	-2.949.445
 Proposed distribution of the results:	
Allocated from results brought forward	-2.949.445
Distribution in total	-2.949.445

Balance sheet

Assets	<u>31/12 2016</u>
<u>Note</u>	
Fixed assets	
Other plants, operating assets, and fixtures and furniture	<u>12.916</u>
Tangible fixed assets in total	<u>12.916</u>
Deposits	<u>27.500</u>
Financial fixed assets in total	<u>27.500</u>
Fixed assets in total	<u>40.416</u>
Current assets	
Manufactured goods and trade goods	<u>1.284.916</u>
Inventories in total	<u>1.284.916</u>
Trade debtors	4.658.046
Other debtors	<u>265.392</u>
Debtors in total	<u>4.923.438</u>
Available funds	<u>4.397.198</u>
Current assets in total	<u>10.605.552</u>
Assets in total	<u>10.645.968</u>

Balance sheet

Equity and liabilities		
<u>Note</u>		<u>31/12 2016</u>
Equity		
4	Contributed capital	50.000
5	Results brought forward	<u>-3.291.325</u>
	Equity in total	<u>-3.241.325</u>
Liabilities		
	Other debts	<u>123.962</u>
	Long-term liabilities in total	<u>123.962</u>
	Prepayments received from customers	577.514
	Trade creditors	107.691
	Debt to group enterprises	10.549.749
	Other debts	<u>2.528.377</u>
	Short-term liabilities in total	<u>13.763.331</u>
	Liabilities in total	<u>13.887.293</u>
	Equity and liabilities in total	<u>10.645.968</u>
1	Uncertainties concerning the enterprise's ability to continue as a going concern	
6	Mortgage and securities	
7	Contingencies	

Notes

1. Uncertainties concerning the enterprise's ability to continue as a going concern

The Company's management shall submit this report under the condition of continued operation. Management believes that there is no significant risk to the company's continued operation. The reason for this assessment is that Johnson Health Tech Netherlands B.V has submitted a declaration of support and subordination agreement put into force until 30 June 2018. Johnson Health Tech Netherlands B.V declares that they will support the company with sufficient liquidity. The Company's management assess also that it can rebuild its capotal through the next year's earnings.

	<u>2015/16</u>
2. Staff costs	
Salaries and wages	1.973.014
Pension costs	3.271
Other costs for social security	5.680
Other staff costs	<u>1.430</u>
	<u>1.983.395</u>
Average number of employees	<u>2</u>
3. Other financial costs	
Other financial costs	<u>2.981</u>
	<u>2.981</u>
4. Contributed capital	
Contributed capital 15 December 2015	<u>50.000</u>
	<u>50.000</u>
5. Results brought forward	
Profit or loss for the year brought forward	<u>-3.291.325</u>
	<u>-3.291.325</u>

Notes

6. Mortgage and securities

There are no mortgage and securities.

7. Contingencies

Contingent liabilities

Leasing liabilities

The company has entered into operational leasing contracts with an average annual leasing payment of DKK 170.131. The leasing contracts have 25 months and 29 months left to run, and the total outstanding leasing payment is DKK 388.633.