

# Johnson Health Tech Denmark ApS

Tuborgvej 5, 2900 Hellerup

Company reg. no. 37 30 03 30

## Annual report

### 2018

The annual report was submitted and approved by the general meeting on the 5 July 2019.

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**Marco Vonk**  
Chairman of the meeting

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Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points remain unchanged from the Danish version of the document. This means that for instance DKK 146.940 is the same as the English amount of DKK 146,940, and that 23,5 % is the same as the English 23.5 %.

## Management's report

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The executive board has today presented the annual report of Johnson Health Tech Denmark ApS for the financial year 1 January to 31 December 2018.

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 at 31 December 2018 and of the company's results of its activities in the financial year 1 January to 31 December 2018.

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, 5 July 2019

### Executive board

Kuang-Ting Lo

Ho Yeh-Hsing Lo

Kun-Chuan Lo

Marco Vonk

## **Independent auditor's report on extended review**

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### **To the shareholders of Johnson Health Tech Denmark ApS**

#### **Opinion**

We have performed extended review of the annual accounts of Johnson Health Tech Denmark ApS for the financial year 1 January to 31 December 2018, which comprise accounting policies used, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

Based on the work we have performed, we believe that the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2018 and of the results of the company's operations for the financial year 1 January to 31 December 2018 in accordance with the Danish Financial Statements Act.

#### **Basis for opinion**

We performed the extended review in accordance with the standard from the Danish Business Authority applicable on auditor's reports to small enterprises and in accordance with the standard from the Danish Institute of State Authorised Public Accountants applicable on extended review of annual accounts prepared in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the extended review of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the evidence obtained is sufficient and appropriate to provide a basis for our opinion.

#### **The management's responsibilities for the annual accounts**

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

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

#### **Auditor's responsibilities for the extended review of the annual accounts**

Our responsibility is to express an opinion on the annual accounts. This requires that we plan and perform our procedures with the purpose of achieving moderate assurance as to our opinion on the annual accounts. Furthermore, it requires that we perform particularly required additional procedures with a view to achieving further assurance as to our opinion.

## **Independent auditor's report on extended review**

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An extended review comprises procedures primarily comprising inquiries to the management and to other persons within the enterprise when appropriate, analytical procedures, and the particularly required additional procedures along with an evaluation of the achieved audit evidence.

The scope of the procedures performed during an extended review is less than in case of an audit, and consequently, we do not express any audit opinion on the annual accounts.

### **Statement on the management's review**

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

In connection with our extended review of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the extended review, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Copenhagen, 5 July 2019

### **Redmark**

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

Connie Sjøborg Hansen  
State Authorised Public Accountant  
mne9402

Søren Kristiansen Bünger  
State Authorised Public Accountant  
mne34334

## Company data

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<b>The company</b>	Johnson Health Tech Denmark ApS Tuborgvej 5 2900 Hellerup
	Company reg. no. 37 30 03 30
	Financial year: 1 January 2018 - 31 December 2018 3rd financial year
<b>Executive board</b>	Kuang-Ting Lo Ho Yeh-Hsing Lo Kun-Chuan Lo Marco Vonk
<b>Auditors</b>	Redmark Statsautoriseret Revisionspartnerselskab Dirch Passers Allé 76 2000 Frederiksberg
<b>Bankers</b>	Jyske Bank

## Management's review

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### **The principal activities of the company**

The principal activities of the company is to market, sell and service fitness equipment as well as all activities, 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 -6.703.526 DKK against DKK -3.802.199 last year. The management consider the results unsatisfactory.

The company has lost its equity. The company's equity is expected to be reestablished within the next years through 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.

## Profit and loss account 1 January - 31 December

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All amounts in DKK.

<u>Note</u>	<u>2018</u>	<u>2017</u>
<b>Gross loss</b>	<b>-3.316.763</b>	<b>-110.541</b>
2 Staff costs	-4.283.566	-2.921.623
Depreciation and writedown relating to tangible fixed assets	-7.087	-6.052
<b>Operating profit</b>	<b>-7.607.416</b>	<b>-3.038.216</b>
Other financial income	11.229	0
Other financial costs	-99.485	-27.618
<b>Results before tax</b>	<b>-7.695.672</b>	<b>-3.065.834</b>
Tax on ordinary results	0	0
<b>Results for the year</b>	<b>-7.695.672</b>	<b>-3.065.834</b>
 <b>Proposed distribution of the results:</b>		
Allocated from results brought forward	-7.695.672	-3.065.834
<b>Distribution in total</b>	<b>-7.695.672</b>	<b>-3.065.834</b>



## Balance sheet 31 December

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All amounts in DKK.

<b>Assets</b>		
<u>Note</u>	<u>2018</u>	<u>2017</u>
<b>Fixed assets</b>		
Other plants, operating assets, and fixtures and furniture	4.427	11.514
Tangible fixed assets in total	<u>4.427</u>	<u>11.514</u>
Deposits	176.775	27.500
Financial fixed assets in total	<u>176.775</u>	<u>27.500</u>
<b>Fixed assets in total</b>	<b><u>181.202</u></b>	<b><u>39.014</u></b>
<b>Current assets</b>		
Manufactured goods and trade goods	2.409.344	2.385.827
Prepayments for goods	5.382.624	0
Inventories in total	<u>7.791.968</u>	<u>2.385.827</u>
Trade debtors	16.293.157	14.940.610
Amounts owed by group enterprises	179.820	13.233
Other debtors	700.810	490.033
Debtors in total	<u>17.173.787</u>	<u>15.443.876</u>
Available funds	2.884.103	3.594.402
<b>Current assets in total</b>	<b><u>27.849.858</u></b>	<b><u>21.424.105</u></b>
<b>Assets in total</b>	<b><u>28.031.060</u></b>	<b><u>21.463.119</u></b>

## Balance sheet 31 December

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All amounts in DKK.

<b>Equity and liabilities</b>		<u>2018</u>	<u>2017</u>
<u>Note</u>			
<b>Equity</b>			
3	Contributed capital	50.000	50.000
4	Results brought forward	-14.052.830	-6.357.159
	<b>Equity in total</b>	<b><u>-14.002.830</u></b>	<b><u>-6.307.159</u></b>
<b>Provisions</b>			
	Other provisions	691.509	212.785
	<b>Provisions in total</b>	<b><u>691.509</u></b>	<b><u>212.785</u></b>
<b>Liabilities</b>			
	Trade creditors	11.714.412	1.612.262
	Debt to group enterprises	25.210.761	21.640.608
	Other debts	4.417.208	4.304.623
	Short-term liabilities in total	<u>41.342.381</u>	<u>27.557.493</u>
	<b>Liabilities in total</b>	<b><u>41.342.381</u></b>	<b><u>27.557.493</u></b>
	<b>Equity and liabilities in total</b>	<b><u>28.031.060</u></b>	<b><u>21.463.119</u></b>

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

5 **Mortgage and securities**

6 **Contingencies**

## Notes

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All amounts in DKK.

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

The Company's management has submitted this report under the condition of continued operation. The management believes that there is no significant risk to the company's continued operation. The reason of this assessment is that Johnson Health Tech Netherlands B.V has submitted a declaration of support and subordination agreement put into force until 31 December 2019. 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 capital through the next couple of year's earnings.

	<u>2018</u>	<u>2017</u>
<b>2. Staff costs</b>		
Salaries and wages	3.671.512	2.822.392
Pension costs	546.953	67.140
Other costs for social security	34.394	31.996
Other staff costs	<u>30.707</u>	<u>95</u>
	<b><u>4.283.566</u></b>	<b><u>2.921.623</u></b>
Average number of employees	<u>6</u>	<u>5</u>
<b>3. Contributed capital</b>		
Contributed capital 1 January 2018	<u>50.000</u>	<u>50.000</u>
	<b><u>50.000</u></b>	<b><u>50.000</u></b>
<b>4. Results brought forward</b>		
Results brought forward 1 January 2018	-6.357.159	-3.291.325
Profit or loss for the year brought forward	<u>-7.695.671</u>	<u>-3.065.834</u>
	<b><u>-14.052.830</u></b>	<b><u>-6.357.159</u></b>
<b>5. Mortgage and securities</b>		

There are no mortgage and securities.

## Notes

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All amounts in DKK.

### 6. Contingencies

#### Contingent liabilities

##### Leasing liabilities

The company has entered into operational leasing contracts with an average annual leasing payment of DKK 354.530. The leasing contracts have up to 46 months left to run. The total outstanding leasing payment is DKK 864.462.

The company has entered into a corporate lease with 6 months termination but no earlier than 31 January 2021. The rest liability amounts to DKK 621.979.

## Accounting policies used

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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. Furthermore, the company has chosen to comply with some of the rules applying for class C enterprises.

### Changes in the profit/loss last year

In the annual report for 2017 a cost regarding purchase of goods at DKK 736.365 was by mistake presented in the profit/loss account instead of as stock.

The comparative figures have been adjusted accordingly to the above mentioned. The adjustment has had a positiv effect on the result for 2017 with DKK 736.365 and the stock has been increased with DKK 736.365.

Except from the above, the accounting policies used are unchanged compared to last year.

### 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, 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.

## Accounting policies used

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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.

### 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 addition of revaluations and with deduction of accrued depreciation and writedown.

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.

## Accounting policies used

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

	<i>Useful life</i>
<i>Other plants, operating assets, fixtures and furniture</i>	<i>3-5 years</i>

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.

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

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.

### Writedown of fixed assets

The book values of both intangible and tangible fixed assets are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets respectively. Writedown takes place to the recoverable amount, if this value is lower than the book value.

The recoverable value is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow deriving from the use of the asset or the group of assets.

Previously recognised writedown is reversed when the condition for the writedown no longer exist. Writedown relating to goodwill is not reversed.

### 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.

## Accounting policies used

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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 and in hand.

### Other provisions

Provisions comprise expected costs for guarantee liabilities. Provisions are recognised when the company has a legal or actual liability which is due to a previous event and when it is likely that the settlement of the liability will result in expenditure of the financial resources of the company.

If the settlement of the liability is expected to take place in some remote future, provisions are measured at the net realisable value or at fair value.

Guarantee liabilities comprise liabilities for repairs within the guarantee period of 1-5 years. The provisions are measured at the net realisable value and recognised on basis of the obtained experience with guarantee work. If provisions have an expected due date later than 1 year from the balance sheet date, they are discounted at the average bond interest.

### Liabilities

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