

FINANCIAL YEAR 31
2017

ANNUAL REPORT

EXERP APS
COPENHAGEN
CVR NO. 10 50 11 48

Approved at the annual general meeting of shareholders

Copenhagen ³¹ 5 2018



Nicola De Cesare

Chairman

exerp

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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 2017.

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

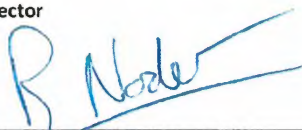
In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2017 and of the results of its operations for the financial year 1 January - 31 December 2017.

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, May 18th 2018

Director



Rémi Paul Nodet, CEO

Supervisory board:



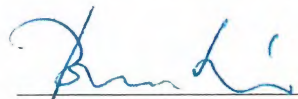
Nicola de Cesare



Stefano Zanelli



Laurent Michael Czuczzenheim



Brian Bo Sørensen



Fabrizio Guidici

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 2017, and of the results of the Company's operations for the financial year 1 January - 31 December 2017 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 2017, 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 skepticism 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 MAY 2018

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Kim Tromholt
State Authorised Public Accountant
MNE33251


Lef Ubbæk Jensen
State Authorised Public Accountant
MNE23327

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
Laurent Michael Czinczenheim
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. The trend continued in 2017 with growth in new territories. Exerp completed the rollout of its largest client in Canada as well as of its first client in Australia. Exerp has also entered the final negotiation with the second largest US operator with the contract signed in Q1 2018. Following the establishment and ramp up of the office in Florida at the beginning of the year, a smaller office has also been opened in Sydney to support this international growth and ensure sales, consulting and support services in those new markets.

Exerp continued investing in its software platform and delivered a range of new optional features: localization for Australia, integration with Technogym's My Wellness Cloud as well as further work on recurring clip-cards, BI solutions and mobile apps. The company also continued to modernize its IT infrastructure by rolling out new clients on cloud hosting provider Amazon Web Services, making it possible to expand in new territories with limited entry cost. Existing clients are planned to be migrated to the new infrastructure over the course of 2018.

In order to address the growing demand of continuous bespoke development by its largest enterprise clients, the company has entered several committed resource agreements.

In 2017, the company's revenue increased with approximately 25 % but the operating profit decreased to 3.7 million DKK in 2017 compared to 14.4 million DKK in 2016. The revenue was still affected by unfavorable GBP/DKK and CAD/DKK exchange rates throughout the year, and the operating profit was affected by the costs related to the establishment and ramping up of subsidiaries in the US and Australia with new offices and experienced staff members transferred from Denmark, as well as a significant increase of staff, to be able to meet the increase demand in development capacity needed in 2018 (new projects and committed resource agreements for existing clients) as well as ramping up the consulting team to extend the capacity of the company to take on more client projects and provide more services to existing clients.

The income statement for 2017 shows a net profit of 2.6 million DKK against 11.0 million DKK last year, and the balance sheet at 31 December 2017 shows equity of 10.8 million DKK.

Capital resources

The balance sheet of the company per 31 December 2017 shows equity of 10.8 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	2017 DKK	2016 DKK
Gross Margin		43.456.082	46.882.297
Staff costs	2	-38.935.119	-31.288.668
Profit before depreciations		4.520.963	15.593.629
Depreciations of tangible and intangible assets	3	-835.503	-1.204.440
Operating profit		3.685.460	14.389.189
Finance income		0	4.477
Finance expenses		-327.646	-193.117
Profit before tax		3.357.814	14.200.550
Tax for the year	4	-786.691	-3.127.010
Profit for the year		2.571.123	11.073.539
Appropriation of the profit			
Recommended appropriation of the profit for the year			
Dividend paid for the year		0	3.442.525
Proposed dividend		0	0
Retained earnings		2.571.123	7.631.015
		2.571.123	11.073.539

Balance sheet at 31 December

Assets

	Notes	2017 DKK	2016 DKK
Fixed assets			
Finished development projects		96.952	452.152
Total intangible assets	5	96.952	452.152
Plant and equipment		618.040	701.541
Leased assets to customers		0	16.932
Total plant and equipment	6	618.040	718.473
Total fixed assets		714.992	1.170.625
Financial assets			
Investments in subsidiaries		7.180	6.687
Total financial assets	7	7.180	6.687
Current assets			
Raw materials and consumables		40.667	70.071
Inventories		40.667	70.071
Trade receivables		4.694.328	6.048.688
Intercompany receivables		6.692.032	0
Other receivables		1.091.265	1.092.956
Prepayments		1.374.644	1.211.019
Total receivables		13.852.270	8.352.662
Cash and cash equivalents		5.398.581	7.500.349
Total current assets		19.291.517	15.923.082
Total assets		20.013.689	17.100.393

Balance sheet at 31 December

Equity and Liabilities

	Notes	2017 DKK	2016 DKK
Equity			
Share capital		186.966	186.966
Retained earnings		10.656.801	8.085.678
Proposed dividend		0	0
Total equity	8	10.843.768	8.272.645
Deferred tax	4	60.846	159.502
Total provisions		60.846	159.502
Prepayments from customers		248.080	318.588
Trade payables		1.050.236	1.335.671
Intercompany payables		223.637	112.175
Income taxes payable		849.459	2.378.562
Other payables		6.737.664	4.523.250
Short-term liabilities		9.109.076	8.668.246
Total liabilities		9.109.076	8.668.246
Total equity and liabilities		20.013.689	17.100.393
Contingencies and commitments	9		
Related parties	10		

Notes to the financial statement

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.

Referring to Danish Financial Statement act §112, stk. 1 no consolidated accounts are prepared.

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 is 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

	<u>2017</u>	<u>2016</u>
	DKK	DKK
2 Staff costs		
Salaries	38.476.318	30.915.680
Pensions	29.358	11.517
Other social security costs	429.443	361.471
	<u>38.935.119</u>	<u>31.288.668</u>
Average number of employees	<u>60</u>	<u>49</u>
3 Depreciations of tangible and intangible assets		
Depreciations of intangible assets	355.200	782.136
Depreciations of tangible assets	480.303	422.304
Total depreciations	<u>835.503</u>	<u>1.204.440</u>
comprising:		
Finished development projects	355.200	782.136
Plant and equipment	463.371	381.127
Leased assets to customers	16.932	41.177
Total	<u>835.503</u>	<u>1.204.440</u>

Notes to the financial statement

	<u>2017</u>	<u>2016</u>
	DKK	DKK
4 Tax for the year		
Current tax	855.204	3.306.562
Adjustment related to prior year and foreign tax	30.144	4.732
Deferred tax	<u>-98.657</u>	<u>-184.284</u>
Total tax in the income statement	<u>786.691</u>	<u>3.127.010</u>
Deferred tax related to:		
Property, plant and equipment	-117.779	-80.083
Intangible assets	21.330	99.474
Prepaid expenses	<u>157.295</u>	<u>140.111</u>
Total deferred tax	<u>60.846</u>	<u>159.502</u>

Deferred tax is calculated with 22 % tax rate.

Notes to the financial statement

		Finished development projects
5 Intangible assets		
Cost at 1 Januar 2017		20.925.998
Additions in the year		0
Cost at 31 December 2017		<u>20.925.998</u>
Depreciations at 1 Januar 2017		20.473.846
Depreciations in the year		355.200
Depreciations at 31 December 2017		<u>20.829.046</u>
Carrying amount at 31 December 2017		<u>96.952</u>
6 Property, plant and equipment	Plant and equipment	Leased assets to customers
Cost at 1 Januar 2017	2.244.732	173.746
Additions in the year	379.870	0
Disposals in the year	0	-30.486
Cost at 31 December 2017	<u>2.624.602</u>	<u>143.260</u>
Depreciations at 1 Januar 2017	1.543.191	156.814
Depreciations in the year	463.371	16.934
Reversal of depreciation on disposals	0	-30.488
Depreciations at 31 December 2017	<u>2.006.562</u>	<u>143.260</u>
Carrying amount at 31 December 2017	<u>618.040</u>	<u>0</u>
7 Financial assets	2017	2016
Investments in subsidiaries:	DKK	DKK
Cost at 1 Januar	7.180	0
Additions in the year	494	6.687
Cost at 31 December	<u>7.674</u>	<u>6.687</u>
Carrying amount at 31 December	<u>7.674</u>	<u>6.687</u>
Company:	Ownership:	
Exerp America Inc	100%	
Exerp Asia-Pacific	100%	

Notes to the financial statement

8 Equity	Share capital	Retained earnings	Total
Equity 1 Januar 2017	186.966	8.085.679	8.272.645
Dividends paid for the year			0
Transfers			0
Distributed dividend			0
Profit for the year		2.571.123	2.571.123
Proposed dividend		0	0
Equity 31 December 2017	186.966	10.656.802	10.843.768

9 Contingencies and commitments

Contingencies

The company has signed a lease agreement for office facilities that can be terminated latest 15 June 2020 equivalent to a lease obligation of TDKK 3.103.

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 guarantee of TUSD 82 to Exerp America Inc. to cover for trading partner 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

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Technogym S.p.A.	Via Calcinaro 2861 Cesena (FO) CAP 47521 Italia	http://corporate.technogym.com