
Endomondo ApS

Kanonbådsvej 12B, DK-1437 København K

Annual Report for 1 May 2015 - 31 December 2015

CVR No 31 05 57 76

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
27/5 2016

Christopher William Jon
Bate
Chairman



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Endomondo ApS for the financial year 1 May - 31 December 2015.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2015 of the Company and of the results of the Company operations for 2015.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 27 May 2016

Executive Board

Mette Lykke Ravn
CEO

Board of Directors

Christopher William Jon Bate
Chairman

David Eric Bergman

Independent Auditor's Report on the Financial Statements

To the Shareholder of Endomondo ApS

Report on the Financial Statements

We have audited the Financial Statements of Endomondo ApS for the financial year 1 May - 31 December 2015, which comprise income statement, balance sheet, notes and summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of Financial Statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2015 and of the results of the Company operations for the financial year 1 May - 31 December 2015 in accordance with the Danish Financial Statements Act.

Independent Auditor's Report on the Financial Statements

Statement on Management's Review

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Financial Statements. On this basis, in our opinion, the information provided in Management's Review is in accordance with the Financial Statements.

Hellerup, 27 May 2016

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Allan Knudsen

statsautoriseret revisor

Company Information

The Company

Endomondo ApS
Kanonbådsvej 12B
DK-1437 København K

CVR No: 31 05 57 76
Financial period: 1 May - 31 December
Municipality of reg. office: København

Board of Directors

Christopher William Jon Bate, Chairman
David Eric Bergman

Executive Board

Mette Lykke Ravn

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Management's Review

Financial Statements of Endomondo ApS for 2015 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The Annual Report has been prepared under the same accounting policies as last year.

Main activity

The Company's main activity is an online sports community based on tracking of sports with GPS phones and other GPS units. The combination of GPS devices and a community based Internet service is intended to make it more fun to be physically active and this make more people exercise.

Development in the year

The income statement of the Company for 2015 shows a loss of DKK 5,863,200, and at 31 December 2015 the balance sheet of the Company shows equity of DKK 8,299,200.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 May - 31 December

| | <u>Note</u> | 1. may 2015 - 31. december 2015 DKK | 1. may 2014 - 30. april 2015 DKK |
|---|-------------|--|---|
| Gross profit/loss | | 13.460.922 | 13.805.769 |
| Staff expenses | | -19.521.298 | -20.286.043 |
| Profit/loss before financial income and expenses | | -6.060.376 | -6.480.274 |
| Financial income | 1 | 271.242 | 601.135 |
| Financial expenses | 2 | -74.066 | -39.841 |
| Profit/loss before tax | | -5.863.200 | -5.918.980 |
| Tax on profit/loss for the year | | 0 | 1.191.480 |
| Net profit/loss for the year | | -5.863.200 | -4.727.500 |

Distribution of profit

Proposed distribution of profit

| | | | |
|-------------------|--|-------------------|-------------------|
| Retained earnings | | -5.863.200 | -4.727.500 |
| | | -5.863.200 | -4.727.500 |

Balance Sheet 31 December

Assets

| | <u>Note</u> | 31. december 2015 <u>DKK</u> | 30. april 2015 <u>DKK</u> |
|------------------------------------|-------------|------------------------------------|---------------------------------|
| Investments in subsidiaries | 3 | 0 | 0 |
| Other receivables | | 686.642 | 666.643 |
| Fixed asset investments | | 686.642 | 666.643 |
| Fixed assets | | 686.642 | 666.643 |
| Trade receivables | | 2.471.018 | 2.645.463 |
| Receivables from group enterprises | | 7.013.387 | 1.893.041 |
| Other receivables | | 6.587 | 13.232 |
| Corporation tax | | 5.875.000 | 6.118.852 |
| Prepayments | | 132.378 | 683.595 |
| Receivables | | 15.498.370 | 11.354.183 |
| Cash at bank and in hand | | 5.058.199 | 11.765.335 |
| Currents assets | | 20.556.569 | 23.119.518 |
| Assets | | 21.243.211 | 23.786.161 |

Balance Sheet 31 December

Liabilities and equity

| | <u>Note</u> | 31. december 2015 <u>DKK</u> | 30. april 2015 <u>DKK</u> |
|--|-------------|------------------------------------|---------------------------------|
| Share capital | | 2.779.681 | 2.779.681 |
| Retained earnings | | 5.519.519 | 11.382.719 |
| Equity | 4 | <u>8.299.200</u> | <u>14.162.400</u> |
| Trade payables | | 259.855 | 281.171 |
| Other payables | | 5.266.167 | 2.596.624 |
| Deferred income | | 7.417.989 | 6.745.966 |
| Short-term debt | | <u>12.944.011</u> | <u>9.623.761</u> |
| Debt | | <u>12.944.011</u> | <u>9.623.761</u> |
| Liabilities and equity | | <u>21.243.211</u> | <u>23.786.161</u> |
| Contingent assets, liabilities and other financial obligations | 5 | | |
| Related parties and ownership | 6 | | |

Notes to the Financial Statements

| | 1. may 2015 - 31. december 2015 DKK | 1. may 2014 - 30. april 2015 DKK |
|--|--|---|
| 1 Financial income | | |
| Interest received from group enterprises | 0 | 34.420 |
| Other financial income | 38 | 10.514 |
| Exchange gains | 271.204 | 556.201 |
| | 271.242 | 601.135 |
| 2 Financial expenses | | |
| Impairment losses on financial assets | 0 | 26.417 |
| Other financial expenses | 13.248 | 13.424 |
| Exchange loss | 60.818 | 0 |
| | 74.066 | 39.841 |
| 3 Investments in subsidiaries | | |
| Cost at 1 May | 26.417 | 26.417 |
| Cost at 31 December | 26.417 | 26.417 |
| Value adjustments at 1 May | 0 | 0 |
| Net profit/loss for the year | -26.417 | -26.417 |
| Value adjustments at 31 December | -26.417 | -26.417 |
| Carrying amount at 31 December | 0 | 0 |

Investments in subsidiaries are specified as follows:

| Name | Place of registered office | Share capital | Votes and ownership | Equity | Net profit/loss for the year |
|---------------------|-------------------------------|---------------|------------------------|----------|---------------------------------|
| Endomondo US LLC | Baltimore, United States | 0 | 100% | -217.816 | -38.730 |

Notes to the Financial Statements

4 Equity

| | Share capital | Retained earnings | Total |
|------------------------------|------------------|-------------------|------------------|
| | DKK | DKK | DKK |
| Equity at 1 May | 2.779.681 | 11.382.719 | 14.162.400 |
| Net profit/loss for the year | 0 | -5.863.200 | -5.863.200 |
| Equity at 31 December | 2.779.681 | 5.519.519 | 8.299.200 |

The share capital consists of 2,779,681 shares of a nominal value of DKK 1. No shares carry any special rights.

The share capital has developed as follows:

| | 2015 | 2014 | 2013 | 2012 | 2011 |
|-------------------------------------|------------------|------------------|------------------|------------------|------------------|
| | DKK | DKK | DKK | DKK | DKK |
| Share capital at 1 May | 2.779.681 | 2.411.852 | 2.349.352 | 1.611.855 | 1.377.894 |
| Capital increase | 0 | 367.829 | 62.500 | 737.497 | 233.961 |
| Share capital at 31 December | 2.779.681 | 2.779.681 | 2.411.852 | 2.349.352 | 1.611.855 |

5 Contingent assets, liabilities and other financial obligations

Contingent liabilities

At 31 December 2015, liabilities according to rent agreement up until expiry constituted DKK 968.498.

6 Related parties and ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Under Armour B.V
 Olympisch Stadion 8
 1076 DE, Amsterdam
 The Netherlands

Accounting Policies

Basis of Preparation

The Annual Report of Endomondo ApS for 2015 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied remain unchanged from last year.

Financial Statements for 2015 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

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.

Income Statement

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

Accounting Policies

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Balance Sheet

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Accounting Policies

Other receivables

Other receivables consist of deposit for lease.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.