
Endomondo ApS

Kanonbådsvej 12B, DK-1437 København K

Annual Report for 1 januar 2017 - 31 December 2017

CVR No 31 05 57 76

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
20/6 2018

Andrew Ernest Page
Chairman of the General
Meeting



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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 January - 31 December 2017.

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 2017 of the Company and of the results of the Company operations for 2017.

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, 20 June 2018

Executive Board

Andrew Ernest Page
CEO

Board of Directors

Andrew Ernest Page

David Eric Bergman

Independent Auditor's Report

To the Shareholder of Endomondo ApS

Report on the Financial Statements

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for qualified opinion paragraph, 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 Endomondo 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 ("the Financial Statements").

Basis for Qualified Opinion

During the year the Company has implemented a new ERP system. In connection with the year-end close a number of unclarified reconciliation differences relating to different accounts were identified. The reconciliation differences, amounting to net cost of DKK 1.1 million before tax, have been charged to the Income Statement.

We were unable to obtain sufficient appropriate audit evidence about these reconciliation differences and sufficient appropriate audit evidence about the presentation of these differences. Consequently, we were unable to determine whether any adjustments to the Income Statement were necessary.

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 qualified 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.

Independent Auditor's Report

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials 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 judgement 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 override 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.

Independent Auditor's Report

- 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.

Reporting obligations under section 7(2) of the Danish Executive Order on Approved Auditors' Reports

Non-compliance with the Danish Bookkeeping Act

In our opinion, the Company has not complied with the requirements of the Danish Bookkeeping Act in respect of the bookkeeping being organised and conducted in accordance with generally accepted accounting practice with due consideration of the nature and size of its business.

Company Management may incur liability on the basis of the non-compliance with the Danish Bookkeeping Act.

Non-compliance with Danish VAT legislation

Contrary to the Danish VAT Act, the Company has filed VAT returns late with the Danish tax authorities, by which Management may incur liability.

Hellerup, 20 June 2018

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Allan Knudsen

statsautoriseret revisor

mne29465

Company Information

The Company

Endomondo ApS
Kanonbådsvej 12B
DK-1437 København K

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

Board of Directors

Andrew Ernest Page
David Eric Bergman

Executive Board

Andrew Ernest Page

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Management's Review

Financial Statements of Endomondo ApS for 2017 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.

Key activities

Endomondo is an app and website that makes aims to make fitness fun while helping users to stay motivated. Endomondo is designed to track user workouts, provide audio feedback, and offer guidance on how to reach goals. It acts as personal trainer in the user's pocket and syncs with Endomondo.com, where the user can access a full training log and analyze their fitness activity.

Development in the year

The income statement of the Company for 2017 shows a loss of DKK 905,170 for the period ending 31.12.2017. The year over year change is driven primarily by a decrease in staff expenses.

During the year there has been a transfer to a new ERP system to better align with the policies within Under Armour. A new financial team in Austin, TX is furthermore now responsible for all finance related activities.

Financial position

The result of the year is a loss of DKK 905,170 and Equity is negative with DKK 320,374 at 31 December 2017. The Company has lost its entire share capital. It is management's expectation that the company is able to re-establish the share capital from future earnings.

The Parent company has undertaken to support the company in 2018 and provide sufficient liquidity so that the company can fulfill its obligations to creditors.

Subsequent events

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

Income Statement 1 January - 31 December

	Note	2017 DKK	2016 DKK
Gross profit/loss		20.810.112	20.889.770
Staff expenses	2	-21.836.472	-28.336.171
Profit/loss before financial income and expenses		-1.026.360	-7.446.401
Income/loss from investments in subsidiaries		8.902	0
Financial income	3	131.123	59.411
Financial expenses	4	-518.424	-122.142
Profit/loss before tax		-1.404.759	-7.509.132
Tax on profit/loss for the year		499.589	0
Net profit/loss for the year		-905.170	-7.509.132

Distribution of profit

Proposed distribution of profit

Retained earnings		-905.170	-7.509.132
		-905.170	-7.509.132

Balance Sheet 31 December

Assets

	Note	2017 DKK	2016 DKK
Investments in subsidiaries	5	0	0
Other receivables		724.124	724.124
Fixed asset investments		724.124	724.124
Fixed assets		724.124	724.124
Trade receivables		2.407.925	2.211.287
Receivables from group enterprises		2.453.367	3.922.579
Other receivables		0	2.756
Tax receivables		499.589	0
Prepayments		0	198.706
Receivables		5.360.881	6.335.328
Cash at bank and in hand		11.453.328	8.926.223
Currents assets		16.814.209	15.261.551
Assets		17.538.333	15.985.675

Balance Sheet 31 December

Liabilities and equity

	Note	2017 DKK	2016 DKK
Share capital		2.779.681	2.779.681
Retained earnings		-3.100.055	-1.989.613
Equity	6	-320.374	790.068
Trade payables		97.484	358.723
Payables to group enterprises		3.898.241	448.112
Other payables		3.985.769	5.906.122
Deferred income		9.877.213	8.482.650
Short-term debt		17.858.707	15.195.607
Debt		17.858.707	15.195.607
Liabilities and equity		17.538.333	15.985.675
Going concern	1		
Contingent assets, liabilities and other financial obligations	7		
Accounting Policies	8		

Notes to the Financial Statements

1 Going concern

The company's income statement for 2017 shows a loss of DKK 905,170 and the company's balance sheet per December 31, 2017 shows a negative equity of DKK 320,374.

It is management's expectation that the company is able to re-establish the share capital on its own. The parent company, Under Armour B.V., has also undertaken to support the company in 2018 and provide sufficient liquidity so that the company can fulfill its obligations to its creditors.

Overall, the company's financial situation is considered to be reassuring and the annual report is based on the going-concern assumption.

	<u>2017</u> DKK	<u>2016</u> DKK
2 Staff expenses		
Wages and salaries	21.669.834	28.336.171
Other social security expenses	166.638	0
	<u>21.836.472</u>	<u>28.336.171</u>
Average number of employees	<u>25</u>	<u>49</u>
3 Financial income		
Exchange gains	131.123	59.411
	<u>131.123</u>	<u>59.411</u>
4 Financial expenses		
Interest paid to group enterprises	0	30.866
Other financial expenses	75.802	49.427
Exchange loss	442.622	41.849
	<u>518.424</u>	<u>122.142</u>

Notes to the Financial Statements

	2017 DKK	2016 DKK
5 Investments in subsidiaries		
Cost at 1 January	26.417	26.417
Cost at 31 December	26.417	26.417
Value adjustments at 1 January	-26.417	0
Net profit/loss for the year	8.902	0
Revaluations for the year, net	-8.902	-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%	-239.781	8.902

6 Equity

	Share capital DKK	Retained earnings DKK	Total DKK
Equity at 1 January	2.779.681	-1.989.613	790.068
Other equity movements	0	-205.272	-205.272
Net profit/loss for the year	0	-905.170	-905.170
Equity at 31 December	2.779.681	-3.100.055	-320.374

7 Contingent assets, liabilities and other financial obligations

Contingent liabilities

At 31 December 2017, liabilities according to rent agreement up until expiry constituted DKK 1.057.910.

Notes to the Financial Statements

8 Accounting Policies

The Annual Report of Endomondo ApS for 2017 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.

The Financial Statements for 2017 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. Exchange differences 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 rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Income Statement

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 com-

Notes to the Financial Statements

8 Accounting Policies (continued)

pleted 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.

Gross profit/loss

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

Staff expenses

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

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

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 recognised and measured under the equity method.

Notes to the Financial Statements

8 Accounting Policies (continued)

The item “Investments in subsidiaries” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to “Reserve for net revaluation under the equity method” under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

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.

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 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 or in equity if the deferred tax relates to items recognised in equity.

Notes to the Financial Statements

8 Accounting Policies (continued)

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

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.