

Precor Fitness Limited
Report and Financial Statements
for the period ended 31 December 2020
Registered number: 12409708

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Report and Financial Statements

for the period ended 31 December 2020

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Directors and advisers

for the period ended 31 December 2020

Directors

D Sprung
K Cornils
C Johnston
C Macfarlane

Registered office

Theta
Lyon Way
Frimley
Camberley
GU16 7ER

Independent auditor

KPMG LLP
2 Forbury Place
33 Forbury Road
Reading
RG1 3AD

Bankers

JP Morgan Chase Bank, N.A.
25 Bank Street
London
E14 5JP

Strategic report**for the period ended 31 December 2020**

The directors present their strategic report of Precor Fitness Limited ("the Company") for the period ended 31 December 2020.

Principal activities

The Company was incorporated on 17 January 2020. The Company did not trade during the period to 31 December 2020.

Business Review

The results for the Company show loss before income tax of £10,574 for the period.

Business environment

The company did not trade during 2020 or for the first quarter of 2021. Since 1 April 2021 it has been a subsidiary of Peloton Interactive Inc. operating in the gym and personal fitness equipment market

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. The principal risks and uncertainties facing the Company are grouped as competitive and financial instrument risk.

- **Competitive Risks**

Precor Fitness Limited faces issues including: competition from multinational suppliers, variations in consumer demand and the overall economic situation.

- **Brexit**

The principal challenges involved with Brexit are to ensure the continued movement of goods through the UK frontier and to offset the increased costs of trading.

- **Covid-19**

It is expected that the fitness market will take time to recover with the level of new gym openings suppressed for a period of time.

On Behalf of the Board


Daniel Sprung (Apr 24, 2022 19:35 GMT+2)

D Spung
Director

20 April 2022

Directors' report**for the period ended 31 December 2020**

The directors present their report and the audited financial statements of Precor Fitness Limited for the period ended 31 December 2020.

Directors

The directors who held office during the period and up to the date of signing the financial statements are:

D Sprung (appointed 17 January 2020)

K Cornils (appointed 1 April 2021)

C Johnston (appointed 1 April 2021)

C Macfarlane (appointed 1 April 2021)

Overview

The Company was set up as a vehicle to acquire the assets and liabilities from the future sale of the Precor brand from Amer Sports Holding 3 Oy.

Future developments

On 31 March 2021, the Company acquired the assets and liabilities relating to the Precor brand for the United Kingdom, which were transferred at book value. This transaction is summarised in Note 5 to the attached Financial Statements. The Company began trading on 1 April 2021.

Post balance sheet event

On 31 March 2021, the Company purchased assets and liabilities relating to the Precor brand from certain Amer Sports Group companies for a total consideration of £8,117,696:

- Amer Sports European Center AG: £7,510,695
- Amer Sports UK Limited: £607,000
- Amer Sports UK Services Limited: £1

Going Concern

Based on their assessment of the Company's financial position, future performance, liquidity and risks, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months from the date of approval of these accounts, through its access to support from its parent group. Thus the Company continues to adopt the going concern basis in preparing the annual report and accounts.

Directors' report (continued)

for the period ended 31 December 2020

Statement of directors' responsibilities in respect of the Strategic report, Directors' report and the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

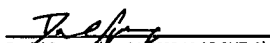
Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On Behalf of the Board


D Sprung [Apr 24, 2022 19:35 GMT+2]

D Sprung
Director

20 April 2022

Independent auditor's report

to the members of Precor Fitness Limited

Opinion

We have audited the financial statements of Precor Fitness Limited ("the company") for the period ended 31 December 2020 which comprise the Income Statement, Statement of Financial Position, Statement of Changes in Equity, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the period then ended;
- have been properly prepared in accordance with UK accounting standards, including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the group or the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

Independent auditor's report (continued)

to the members of Precor Fitness Limited

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there are no revenue transactions. We did not identify any additional fraud risks.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial period is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Independent auditor's report (continued)

to the members of Precor Fitness Limited

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

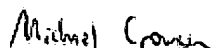
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Michael Crowson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
2 Forbury Place, 33 Forbury Road, Reading, RG1 3AD

25 April 2022

Income statement

for the period ended 31 December 2020

		For the period from incorporation 17 January 2020 to 31 December 2020
	Notes	£
Administrative expenses		(10,561)
Operating loss	1	(10,561)
Interest payable and similar costs	2	(13)
Loss before income tax		(10,574)
Income tax expense		-
Loss for the financial period		(10,574)

The notes on pages 11 to 16 are an integral part of these financial statements.

Statement of financial position

as at 31 December 2020

		For the period from incorporation 17 January 2020 to 31 December 2020
	Notes	£
Current assets		
Cash at bank and in hand		2,938
		2,938
Creditors : amounts falling due within one year	3	(13,412)
Net current liabilities		(10,474)
Net liabilities		(10,474)
Capital and reserves		
Share capital	4	100
Retained earnings		(10,574)
Total equity		(10,474)

The financial statements on pages 8 to 16 were approved by the Board of directors and were signed on its behalf by:


Daniel Sprung Apr 24, 2022 19:35 GMT+2)

D Sprung
 Director

20 April 2022

Statement of changes in equity
for the period ended 31 December 2020

	Notes	Share capital £	Retained earnings £	Total equity £
At incorporation 17 January 2020		100	-	100
Loss for the financial period		-	(10,574)	(10,574)
Other comprehensive income		-	-	-
Total comprehensive loss for the period		-	(10,574)	(10,574)
Dividends		-	-	-
At 31 December 2020		100	(10,574)	(10,474)

The notes on pages 11 to 16 are an integral part of these financial statements.

Notes to the financial statements

for the period ended 31 December 2020

Accounting policies**Authorisation of financial statements and statement of compliance with FRS 101**

The financial statements of Precor Fitness Limited (the "Company") for the period ended 31 December 2020 were authorised for issue by the board of directors on 20 April 2022 and the statement of financial position was signed on the board's behalf by D Sprung. The Company is incorporated and domiciled in England. The registered office address is: Quatro House, Lyon Way, Camberley, GU16 7ER.

These financial statements were prepared in accordance with Financial Reporting Standard 101, Reduced Disclosure Framework ("FRS 101") and in accordance with applicable accounting standards. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and derivative financial assets and financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006.

The Company's financial statements are presented in Sterling, except where otherwise stated to be rounded to the nearest thousand (£'000).

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of Precor Interactive Inc.

The results of the Company for 2020 are included in the consolidated financial statements of Amer Sports Holding 3 Oy, which are available from The Secretary, Amer Sports Holding 3 Oy, Konepajankuja 6, FI-00510, Helsinki, Finland.

The principal accounting policies adopted by the Company are set out below.

Basis of preparation

The accounting policies which follow set out those policies which apply in preparing the financial statements for the period ended 31 December 2020. The Company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) the requirements of IFRS 7 *Financial Instruments: Disclosures*
- (b) the requirements of paragraphs 91-99 of IFRS 13 *Fair Value Measurement*
- (c) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
 - (ii) paragraph 73(e) of IAS 16 *Property, Plant and Equipment*;
 - (iii) paragraph 118(e) of IAS 38 *Intangible Assets*;
- (d) the requirements of paragraphs 10(d), 10(f), 38B-D, 40A-D, 111 and 134-136 of IAS 1 *Presentation of Financial Statements*;
- (e) the requirements of IAS 7 *Statement of Cash Flows*;
- (f) the requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*;
- (g) the requirements of paragraph 17 of IAS 24 *Related Party Disclosures*;
- (h) the requirements in IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- (i) the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 *Impairment of Assets*; and
- (k) The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 *Leases*

Notes to the financial statements (continued)

for the period ended 31 December 2020

Accounting policies (continued)**Going Concern**

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, including the impact of Covid 19 and the company's continued access to the Group cash-pooling facility, the company will have sufficient funds to meet its liabilities as they fall due for that period.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements.

Judgements and key sources of estimation uncertainty

The Directors do not consider there to be any material estimates or judgments in preparing the financial statements.

Cash at bank and in hand

Cash and short term deposits in the Statement of financial position comprise cash at banks and in hand and short term deposits with an original maturity of three months or less.

Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Notes to the financial statements (continued)

for the period ended 31 December 2020

Accounting policies (continued)**Financial Instruments****i) Financial assets**

The company classifies its financial assets in the following categories: at fair value through profit or loss; and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss or at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) comprise:

- Equity securities which are not held for trading, and which the Company has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Company considers this classification to be more relevant.
- Debt securities where the contractual cash flows are solely principal and interest and the objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets.

(b) Financial assets at amortised cost

The company classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

(c) Financial assets at fair value through profit or loss

The following financial assets are classified at fair value through profit or loss (FVPL):

- debt investments that do not qualify for measurement at either amortised cost
- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the Statement of financial position date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Notes to the financial statements (continued)

for the period ended 31 December 2020

Accounting policies (continued)

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the Statement of financial position date.

The carrying amount of deferred income tax assets is reviewed at each Statement of financial position date. Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the Company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the Income statement.

Foreign currency translation

Trading transactions denominated in foreign currencies are translated into Sterling at the exchange rates ruling when the transaction was entered into. Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the exchange rates ruling at the Statement of financial position date. Exchange gains or losses are included in the Income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

1. Operating loss

Operating loss is stated after charging:

**For the
period from
incorporation
17 January
2020 to 31
December
2020**

£

Services provided by the Company's auditor:

- Fees payable for the audit

10,000

Notes to the financial statements (continued)

for the period ended 31 December 2020

2. Interest payable and similar costs

	For the period from incorporation 17 January 2020 to 31 December 2020
	£
Other interest payable	13

3. Creditors : amounts falling due within one year

	For the period from incorporation 17 January 2020 to 31 December 2020
	£
Amounts owed to group undertakings	3,412
Accruals and deferred income	10,000
	13,412

Amounts owed to group undertakings are charged interest at a rate of 3.59%, calculated on the basis of the actual number of days elapsed in a 360 day year. The balances are repayable on demand.

4. Share capital

	For the period from incorporation 17 January 2020 to 31 December 2020
	£
Allotted and fully paid	
100 Ordinary shares of £1 each	100

Notes to the financial statements (continued)

for the period ended 31 December 2020

5. Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is Precor Finland Oy, located in Finland. The ultimate parent undertaking and controlling party is Precor Interactive Inc., a company incorporated in the United States of America

Amer Sports Holding 3 Oy was the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 December 2020. The consolidated financial statements of Amer Sports Holding 3 Oy are publicly available from The Secretary, Amer Sports Corporation, Konepajankuja 6, FI-00510, Helsinki, Finland.

6. Post balance sheet event

On 31 March 2021, the Company purchased assets and liabilities relating to the Precor brand from certain Amer Sports Group companies for a total consideration of £8,117,696:

- Amer Sports European Center AG: £7,510,695
- Amer Sports UK Limited: £607,000
- Amer Sports UK Services Limited: £1