

FINANCIAL YEAR 34

2020

ANNUAL REPORT

EXERP APS

COPENHAGEN

CVR NO. 10 50 11 48

Approved at the annual general meeting of shareholders

Copenhagen

Fabrizio Guidici

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 2020.

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

In our opinion, the Parent Company Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2020 of the Company and the Group and of the results of the Company and Group operations for 2020.

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, 14 April 2021

Director

Rémi Paul Nodet
CEO

Supervisory board:

Fabrizio Giudici (Chairman)

Carlo Capelli

Andrea Alghisi

Laurent Michael Czinczenheim

Martin Lohse

Independent Auditor's Report

To the Shareholders of Exerp ApS

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2020 and of the results of the Group's and the Parent Company's operations and for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Exerp ApS for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company ("the 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 Group 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 Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company 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 consolidated financial statements and parent company 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 Group's and the Parent 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 Group or the Parent 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 Parent Company's and the Group'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 Group's and the Parent 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 Group and the Parent 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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, April 2021

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Leif Ulbæk Jensen

State Authorised Public Accountant

MNE23327

Company details

The company

Exerp ApS
Rued Langgaardsvej 8, 2. Sal
2300 Copenhagen S

CVR No.: 10 50 11 48
Financial year: 1 January – 31 December
Founded: 1 September 1986
Home: Copenhagen

Supervisory board

Fabrizio Giudici
Carlo Capelli
Andrea Alghisi
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

Despite the covid-19 pandemic, the company has managed to continue its expansion by completing the rollout of its system to clients in all 3 regions (Europe, APAC and North-America) and entered new promising markets (Iberia, Middle-East) while expanding further in the US.

By organizing a cross-functional task force dedicated to the covid-19 response and permanent changes of regulations, the company has been helping its clients through the tough year where many of its clients had to close and open clubs many times, in all geographies.

Exerp continued investing in its software platform and worked on a range of new optional features: data warehouse, new BI solution, white-label member portal, kids camps management, mobile apps for trainers and members. The company also continued to modernize its IT infrastructure and technical stack.

In 2020, the group revenue increased by approximately 3% and the operating profit increased by 106% to 26.8 million DKK in 2020 compared to 13.0 million DKK in 2019.

The income statement for 2020 shows a net profit of 19.9 million DKK against 10.3 million DKK last year, and the balance sheet at 31 December 2020 shows equity of 32.9 million DKK.

Expecations 2021

For 2021 a net result in the level of 13-15 million DKK is expected.

Capital resources

The balance sheet of the group per 31 December 2020 shows equity of 32.9 million DKK, current assets of 55.9 million DKK and short-term liabilities of 19.2 million DKK. Based here on the capital resources are sufficient to finance the group's plans for the upcoming period.

Key figures and financial ratios

	Group		Parent company		
	2020 DKK	2019 DKK	2018 * DKK	2017 * DKK	2016 * DKK
Key figures					
Gross Margin	85,884,757	77,683,341	53,521,633	43,456,082	46,882,297
Operating profit	26,820,952	13,018,906	8,162,892	3,685,460	14,389,189
Net financial income/costs	-1,314,248	397,519	-228,780	-327,646	-188,639
Profit before tax	25,506,704	13,416,425	7,934,112	3,357,814	14,200,550
Profit for the year	19,857,394	10,362,223	6,181,980	2,571,123	11,073,539
Balance sum	56,589,155	31,849,929	28,314,225	20,929,240	17,124,650
Total fixed assets	642,751	858,977	505,606	714,992	1,170,625
Additions in the year	259,427	547,296	306,919	379,870	376,081
Equity	32,869,385	13,011,991	17,025,746	10,843,768	8,272,645
Financial ratios					
Solvency ratio	58.1%	40.9%	60.1%	51.8%	48.3%
Return on Equity	86.6%	69.0%	44.4%	26.9%	145.6%

* The comparison figures for 2016 - 2018 comprise key figures for Exerp ApS on a stand alone basis.

Income statement for the year ended 31 December

	Notes	Parent company		Group	
		2020 DKK	2019 DKK	2020 DKK	2019 DKK
Gross Margin		72,111,863	61,420,485	85,884,757	77,683,341
Staff costs	2	<u>-46,476,956</u>	<u>-48,824,302</u>	<u>-58,607,359</u>	<u>-64,147,463</u>
Profit before depreciations		25,634,907	12,596,183	27,277,398	13,535,878
Depreciations of tangible and intangible assets	3	<u>-343,378</u>	<u>-405,455</u>	<u>-456,446</u>	<u>-516,972</u>
Operating profit		25,291,529	12,190,728	26,820,952	13,018,906
Finance income		13,584	536,854	15,403	543,416
Finance expenses		<u>-956,525</u>	<u>-112,662</u>	<u>-1,329,651</u>	<u>-145,897</u>
Profit before tax		24,348,588	12,614,920	25,506,704	13,416,425
Tax for the year	4	<u>-5,387,774</u>	<u>-2,806,587</u>	<u>-5,649,309</u>	<u>-3,054,202</u>
Profit for the year	5	<u>18,960,814</u>	<u>9,808,333</u>	<u>19,857,394</u>	<u>10,362,223</u>

Balance sheet at 31 December

Assets	Notes	Parent company		Group	
		2020 DKK	2019 DKK	2020 DKK	2019 DKK
Fixed assets					
Plant and equipment		483,816	607,305	642,751	858,977
Total plant and equipment	6	483,816	607,305	642,751	858,977
Total fixed assets		483,816	607,305	642,751	858,977
Financial assets					
Investments in subsidiaries		7,180	7,180	0	0
Total financial assets	7	7,180	7,180	0	0
Current assets					
Inventories of consumables		60,533	36,103	60,533	36,103
Inventories		60,533	36,103	60,533	36,103
Trade receivables		13,785,435	10,776,167	17,271,810	12,819,486
Intercompany receivables		5,491,757	1,972,804	0	57,188
Other receivables		1,810,214	1,419,146	2,044,245	1,656,682
Prepayments		2,231,284	3,169,108	2,362,433	3,285,755
Total receivables		23,318,690	17,337,224	21,678,488	17,819,111
Cash and cash equivalents		29,349,979	10,296,174	34,207,382	13,135,737
Total current assets		52,729,203	27,669,501	55,946,404	30,990,952
Total assets		53,220,198	28,283,987	56,589,155	31,849,929

Equity and Liabilities

	Notes	2020		2019	
		DKK	DKK	DKK	DKK
Equity					
Share capital		186,966	186,966	186,966	186,966
Retained earnings		30,607,927	11,647,112	32,682,419	12,825,025
Total equity		30,794,893	11,834,079	32,869,385	13,011,991
Deferred tax		353,314	182,500	353,314	182,500
Total provisions		353,314	182,500	353,314	182,500
Deferred holiday pay (new holiday legislation)	8	4,193,816	1,644,000	4,193,816	1,644,000
Long-term liabilities		4,193,816	1,644,000	4,193,816	1,644,000
Prepayments from customers		67,000	97,235	153,576	856,696
Trade payables		987,382	2,001,227	1,079,375	2,147,519
Income taxes payable		4,382,370	2,026,147	4,544,902	2,130,892
Other payables		12,441,424	10,498,799	13,394,786	11,876,331
Short-term liabilities		17,878,175	14,623,408	19,172,640	17,011,438
Total liabilities		22,071,991	16,267,408	23,366,456	18,655,438
Total equity and liabilities		53,220,198	28,283,987	56,589,155	31,849,929
Contingencies and commitments	9				
Related parties	10				
Subsequent events	11				

Equity statement at 31 December

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Proposed dividend for the financial year</u>	<u>Total</u>
Parent company				
Equity 1 January 2020	186,966	11,647,112		11,834,079
Dividends paid for the year			0	0
Distributed dividend			0	0
Profit for the year		18,960,814		18,960,814
Proposed dividend		0	0	0
Equity 31 December 2020	186,966	30,607,927	0	30,794,893
Group				
Equity 1 January 2020	186,966	12,825,025		13,011,991
Transfers				0
Profit for the year		19,857,394		19,857,394
Equity 31 December 2020	186,966	32,682,419		32,869,385

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 C medium enterprises.

The accounting policies applied by the company are consistent with those of last year.

The comparative figures for 2019 have been adjusted due to a material adjustment of sales taxes to be paid in Canada for the period 2017 - 2019. The adjustment increases the total balance of trade receivables and other payables as of 31 December 2019 with DKK 3,956,526.

Reporting currency

The Consolidated and Parent Company Financial Statements for 2020 are denominated in Danish kroner.

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.

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.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Exerp ApS, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

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

Depreciation period and residual value are reassessed annually.

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.

Cash-flow statement

With reference to section 86(4) of the Danish Financial Statements Act, the Company has not prepared a cash flow statement as the cash flow statement is included in the consolidated financial statements of Technogym S.p.A

Notes to the financial statement

	Parent company		Group	
	2020 DKK	2019 DKK	2020 DKK	2019 DKK
2 Staff costs				
Salaries	44,304,229	47,349,216	56,248,371	62,512,023
Pensions	1,610,168	868,277	1,797,956	1,029,731
Other social security costs	562,560	606,810	561,032	605,709
Capitalisation of development costs	0	0	0	0
	46,476,956	48,824,302	58,607,359	64,147,463
Average number of employees	72	75	87	92

According to the Financial Statements Acts §98b, stk.3 remuneration for the director is not disclosed as no Board Members receive remuneration.

3 Depreciations of tangible and intangible assets

Depreciations of tangible assets	343,378	405,455	456,446	516,972
Total depreciations	343,378	405,455	456,446	516,972
comprising:				
Equipment	343,378	385,956	456,446	497,473
Leased assets to customers	0	19,499	0	19,499
Total	343,378	405,455	456,446	516,972

4 Tax for the year

Current tax	5,189,027	2,809,831	5,478,495	3,057,446
Adjustment related to prior year and foreign tax	27,933	0	0	0
Change of tax rate	0	0	0	0
Deferred tax	170,814	-3,244	170,814	-3,244
Total tax in the income statement	5,387,774	2,806,587	5,649,309	3,054,202

5 Appropriation of the profit

Recommended appropriation of the profit for the year				
Dividend paid for the year	0	0	0	0
Proposed dividend	0	0	0	0
Retained earnings	18,960,814	9,808,333	19,857,394	10,362,223
	18,960,814	9,808,333	19,857,394	10,362,223

6 Equipment

	Equipment	Leased assets to customers	Equipment	Leased assets to customers
Cost at 1 January 2020	2,077,480	167,068	2,521,179	167,068
Additions in the year	224,036	0	259,427	0
Disposals in the year	-21,327	0	-21,327	0
Cost at 31 December 2020	2,280,188	167,068	2,759,279	167,068
Depreciations at 1 January 2020	1,470,175	167,068	1,685,510	167,068
Depreciations in the year	343,378	0	448,198	0
Reversal of depreciation on disposals	-17,180	0	-17,180	0
Depreciations at 31 December 2020	1,796,373	167,068	2,116,528	167,068
Carrying amount at 31 December 2020	483,816	0	642,751	0

Notes to the financial statement

7 Financial assets	Parent company		Group	
	2020 DKK	2019 DKK	2020 DKK	2019 DKK
Investments in subsidiaries:				
Cost at 1 January 2020	7,180	7,180	0	0
Additions in the year	0	0	0	0
Cost at 31 December 2020	7,180	7,180	0	0
Carrying amount at 31 December 2020	7,180	7,180	0	0

Company:	Ownership:
Exerp America Inc	100%
Exerp Asia-Pacific	100%

8 Long-term Liabilities

Parent company	2020 total	of which current	1 - 5 years	2019 total	of which current
Deferred holiday pay	4,193,816	0	4,193,816	1,644,000	0
Total long-term liabilities	4,193,816	0	4,193,816	1,644,000	0
Group					
Deferred holiday pay	4,193,816	0	4,193,816	1,644,000	0
Total long-term liabilities	4,193,816	0	4,193,816	1,644,000	0

9 Contingencies and commitments

Contingencies

The company has signed a lease agreement for office facilities that can be terminated no earlier than 30 September 2025 equivalent to a lease obligation of TDKK 19.920.

The company has signed a company charge agreement with Handelsbanken of TDKK 7.500 to cover the overdraft facility.

The company has signed a parent company guarantee of TUSD 16 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 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

Controlling interest, ultimate 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

The Parent and Group are included in the Group Annual Report of Technogym S.p.A

11 Subsequent events

No significant event have occurred subsequent to the financial year