

EXERP ApS

Rued Langgaards Vej 8
2300 København S
CVR No. 10501148

Annual report 2023

The Annual General Meeting adopted the annual report on 26.06.2024

Randy Edward Eckels

Chairman of the General Meeting

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Entity details

Entity

EXERP ApS

Rued Langgaards Vej 8

2300 København S

Business Registration No.: 10501148

Date of foundation: 01.09.1986

Registered office: København

Financial year: 01.01.2023 - 31.12.2023

Board of Directors

Randy Edward Eckels

Richard Smith

Brian Thomas Carley

Executive Board

Stephan Herbert Rasp

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of EXERP ApS for the financial year 01.01.2023 - 31.12.2023.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 26.06.2024

Executive Board

Stephan Herbert Rasp

Board of Directors

Randy Edward Eckels

Richard Smith

Brian Thomas Carley

Independent auditor's report

To the shareholders of EXERP ApS

Opinion

We have audited the financial statements of EXERP ApS for the financial year 01.01.2023 - 31.12.2023, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required by relevant law and regulations.

Based on the work we have performed, we conclude that the management commentary 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 of the management commentary.

Copenhagen, 26.06.2024

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Flemming Larsen

State Authorised Public Accountant
Identification No (MNE) mne27790

Management commentary

Financial highlights

	2023	2022	2021	2020	2019
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Gross profit/loss	80,210	79,123	61,018	72,112	61,420
Operating profit/loss	8,359	1,487	(19,818)	25,292	12,191
Net financials	2,386	(800)	805	(943)	424
Profit/loss for the year	2,284	(6,913)	69,595	18,961	9,808
Total assets	182,743	159,378	163,221	53,220	28,284
Equity	146,537	144,252	151,165	30,795	11,834
Ratios					
Return on equity (%)	1.57	(4.68)	76.49	88.96	67.97
Equity ratio (%)	80.19	90.51	92.61	57.86	41.84

Effective 1 January 2022 the company merged with its parent company Amleto ApS, with Excerpt ApS being the continuing company. The merger is accounted for as a reverse merger and the comparative figures for 2021 has been adjusted accordingly.

The years before 2021 are not comparable with later years, because of merger.

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Return on equity (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$

Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Total assets}}$

Primary activities

The core activities consist of development, sale and support of IT software for operation of fitness centers.

Development in activities and finances

Exerp ApS has consolidated the excellent growth of 2022 by providing for a further 3% increase in Revenue in 2023. Headcounts restraints impacted One-Time-Revenue, leading to a 6,5% reduction in this revenue stream. We continue to roll out developments on our software and provide high-end consultancy and development of our Software. Recurring Revenue continues to improve be driven by our clients growing through net new clubs and increased membership, providing for a 9% improvement in revenue over last year.

In 2023, the Exerp Team turning their efforts to improved cost management, which has meant that the increase in Operating profit is greater than the Gross Revenue increase (2023 8,359 million DKK against 2022 1,487 million DKK). This has led to the turnaround in profits from 2021 to 2022, which has continued apace providing for a 462% increase in the Operating profit. This profit has fed down to the 2023 profit, which has shown a turnaround from the losses in 2022. (2023 2,2 million DKK against 2022 6,913 million DKK).

The Balance sheet of Exerp ApS as of 31 december 2023 maintains an equity of 146,5 million DKK. Whilst the Current Asset have increased to 92,7 million DKK, this increase primarily driven by the increase in activity with group companies. This Intra-group activity has also driven Current Liabilities and other provisions up to 35,7 million DKK. This leads to a continued healthy Balance Sheet that will help fund future activities.

Profit/loss for the year in relation to expected developments

The profit for the year is in line with expectations.

Outlook

During the second half 2024 we are rolling out some major developments of our software, although this will have a minimal impact on that year, it will allow for continued internal growth in future years as the new software is fully rolled out to our customer base. This, along with the expected growth in our customer clubs will maintain a strong double digit increase in Revenues subsequent a like improvement in Operative profits.

Income statement for 2023

	Notes	2023 DKK	2022 DKK
Gross profit/loss		80,209,605	79,122,952
Staff costs	1	(44,100,260)	(49,856,239)
Depreciation, amortisation and impairment losses	2	(27,750,648)	(27,779,715)
Operating profit/loss		8,358,697	1,486,998
Other financial income from group enterprises		2,639,624	0
Other financial income		1,497,032	(590,845)
Other financial expenses		(1,750,253)	(209,466)
Profit/loss before tax		10,745,100	686,687
Tax on profit/loss for the year	3	(8,460,749)	(7,599,605)
Profit/loss for the year	4	2,284,351	(6,912,918)

Balance sheet at 31.12.2023

Assets

	Notes	2023 DKK	2022 DKK
Completed development projects	6	0	0
Acquired intangible assets		4,248,673	14,445,489
Acquired licences		63,114,703	77,404,825
Acquired trademarks		8,479,777	9,623,118
Goodwill		13,306,831	15,101,011
Development projects in progress	6	623,837	0
Intangible assets	5	89,773,821	116,574,443
Other fixtures and fittings, tools and equipment		302,114	551,563
Property, plant and equipment	7	302,114	551,563
Investments in group enterprises		494	494
Financial assets	8	494	494
Fixed assets		90,076,429	117,126,500
Manufactured goods and goods for resale		40,231	37,792
Inventories		40,231	37,792
Trade receivables		25,396,022	8,667,251
Receivables from group enterprises		53,747,557	5,996,052
Other receivables		1,674,825	1,867,424
Prepayments	9	2,897,416	765,454
Receivables		83,715,820	17,296,181
Cash		8,910,363	24,917,995
Current assets		92,666,414	42,251,968
Assets		182,742,843	159,378,468

Equity and liabilities

	Notes	2023 DKK	2022 DKK
Contributed capital		186,966	186,966
Retained earnings		146,349,578	144,065,227
Equity		146,536,544	144,252,193
Deferred tax	10	517,963	58,715
Provisions		517,963	58,715
Other payables	11	5,147,632	4,933,206
Non-current liabilities other than provisions	12	5,147,632	4,933,206
Prepayments received from customers		0	38,375
Trade payables		3,635,589	1,436,911
Payables to group enterprises		15,387,686	1,420,966
Tax payable		7,011,680	4,836,278
Holiday pay obligation		1,051,625	0
Other payables	13	3,454,124	2,401,824
Current liabilities other than provisions		30,540,704	10,134,354
Liabilities other than provisions		35,688,336	15,067,560
Equity and liabilities		182,742,843	159,378,468
Unrecognised rental and lease commitments	14		
Contingent liabilities	15		
Related parties with controlling interest	16		
Group relations	17		

Statement of changes in equity for 2023

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	186,966	144,065,227	144,252,193
Profit/loss for the year	0	2,284,351	2,284,351
Equity end of year	186,966	146,349,578	146,536,544

Notes

1 Staff costs

	2023	2022
	DKK	DKK
Wages and salaries	41,140,422	46,769,418
Pension costs	2,346,732	2,500,456
Other social security costs	613,106	586,365
	44,100,260	49,856,239
Average number of full-time employees	57	66

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

2 Depreciation, amortisation and impairment losses

	2023	2022
	DKK	DKK
Amortisation of intangible assets	27,424,459	27,424,459
Depreciation of property, plant and equipment	326,189	355,256
	27,750,648	27,779,715

3 Tax on profit/loss for the year

	2023	2022
	DKK	DKK
Current tax	7,980,302	7,852,291
Change in deferred tax	459,248	(252,686)
Adjustment concerning previous years	21,199	0
	8,460,749	7,599,605

4 Proposed distribution of profit and loss

	2023	2022
	DKK	DKK
Retained earnings	2,284,351	(6,912,918)
	2,284,351	(6,912,918)

5 Intangible assets

	Completed development projects DKK	Acquired intangible assets DKK	Acquired licences DKK	Acquired trademarks DKK	Goodwill DKK
Cost beginning of year	20,926,000	30,590,448	100,030,851	11,433,408	17,941,795
Additions	0	0	0	0	0
Cost end of year	20,926,000	30,590,448	100,030,851	11,433,408	17,941,795
Amortisation and impairment losses beginning of year	(20,926,000)	(16,144,959)	(22,626,026)	(1,810,290)	(2,840,784)
Amortisation for the year	0	(10,196,816)	(14,290,122)	(1,143,341)	(1,794,180)
Amortisation and impairment losses end of year	(20,926,000)	(26,341,775)	(36,916,148)	(2,953,631)	(4,634,964)
Carrying amount end of year	0	4,248,673	63,114,703	8,479,777	13,306,831

	Development projects in progress DKK
Cost beginning of year	0
Additions	623,837
Cost end of year	623,837
Amortisation and impairment losses beginning of year	0
Amortisation for the year	0
Amortisation and impairment losses end of year	0
Carrying amount end of year	623,837

6 Development projects

The development project relates to an improvement of features on Exerp Web, which is intended to simplify the process of obtaining new leads and paves the way for an enhanced user experience and increased efficiency.

7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	906,819
Additions	76,740
Cost end of year	983,559
Depreciation and impairment losses beginning of year	(355,256)
Depreciation for the year	(326,189)
Depreciation and impairment losses end of year	(681,445)
Carrying amount end of year	302,114

8 Financial assets

	Investments in group enterprises DKK
Cost beginning of year	494
Cost end of year	494
Carrying amount end of year	494

Investments in subsidiaries	Equity interest %
Exerp Asia-Pacific Pty Ltd	100.00

9 Prepayments

Prepayments comprise prepaid expenses regarding rent, insurance premiums, subscriptions and interest relating to the financial year 2023.

10 Deferred tax

	2023 DKK	2022 DKK
Property, plant and equipment	(119,468)	(109,685)
Other taxable temporary differences	637,431	168,400
Deferred tax	517,963	58,715

	2023	2022
	DKK	DKK
Changes during the year		
Beginning of year	58,715	311,402
Recognised in the income statement	459,248	(252,687)
End of year	517,963	58,715

11 Other payables

	2023	2022
	DKK	DKK
Holiday pay obligation	5,147,632	4,933,206
	5,147,632	4,933,206

12 Non-current liabilities other than provisions

	Due after more than 12 months
	2023
	DKK
Other payables	5,147,632
	5,147,632

13 Other payables

	2023	2022
	DKK	DKK
VAT and duties	240,309	0
Wages and salaries, personal income taxes, social security costs, etc payable	5,129,343	(190,146)
Other costs payable	(1,915,528)	2,591,970
	3,454,124	2,401,824

14 Unrecognised rental and lease commitments

	2023	2022
	DKK	DKK
Liabilities under rental or lease agreements until maturity in total	5,766,374	8,631,000

The company's office lease in Copenhagen is non-terminable until September 2025.

15 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Exerp Holdings ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

The Entity serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for these entities.

16 Related parties with controlling interest

Exerp Holdings ApS
Rued Langgaardsvej 8
2300 Copenhagen S

owns all shares in the Entity, thus exercising control.

The company is included in the consolidated financial statements of Exerp Holdings ApS.

17 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Clubessential Holdings, LLC
4600 McAuley Place, Suite 350
Cincinnati, OH 45242

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Exerp Holdings ApS
Rued Langgaardsvej 8
2300 Copenhagen S

Accounting policies

Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these financial statements are consistent with those applied last year.

Effective 1 January 2022 the company merged with its parent company Amleto ApS, with Excerpt ApS being the continuing company. The merger is accounted for as a reverse merger and the comparative figures for 2021 has been adjusted accordingly.

Consolidated financial statements

Referring to section 112 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, other operating income, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary

activities, including profit from the sale of intangible assets and property, plant and equipment.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for normal inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and plant and equipment.

Other financial income from group enterprises

Other financial income from group enterprises comprises interest income etc on receivables from group enterprises.

Other financial income

Other financial income comprises interest income, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet**Goodwill**

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc

Intellectual property rights etc comprise development projects completed with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity in the reserve for development costs that is reduced as the development projects are amortised and written down.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised over the term of the agreement.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

	Useful life
Other fixtures and fittings, tools and equipment	3-8 years

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Tax receivable or payable

Current tax receivable or payable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Cash flow statement

Referring to section 86(4) of the Danish Financial Statements Act, the Entity has prepared no cash flow statement as such statement is included in the consolidated cash flow statement of Exerp Holdings ApS, Business Reg. No. 42 37 07 38