

FINANCIAL YEAR 35

2021

# ANNUAL REPORT

EXERP APS

COPENHAGEN

CVR NO. 10 50 11 48

Approved at the annual general meeting of shareholders

Copenhagen

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Randy Edward Eckels

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 2021.

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

In our opinion, the Company Financial Statements give a true and fair view of the financial position at 31 December 2021 of the Company and of the results of the operations for 2021.

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 July 2022

### Director

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Jesper Sørensen  
CEO

### Supervisory board:

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Randy Edward Eckels (Chairman)

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Richard Smith

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Brian Thomas Carley

## Independent Auditor's Report

To the Shareholders of Exerp ApS

### Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations and for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Exerp ApS for the financial year 1 January - 31 December 2021, 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 Company 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.

### 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 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 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, were 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.

**Non-compliance with the provisions of Danish legislation on loans to shareholders**

Contrary to section 210 of the Danish Companies Act, the Company has during the year granted loans to the Company's ultimate shareholder by which Management may incur liability. The loan including additional interest is settled end December 2021.

Hellerup, 14 July 2022

**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

Randy Edward Eckels  
Richard Smith  
Brian Thomas Carley

### Director

Jesper Sørensen, 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

While 2021 continued to be marked by Covid and the pandemic's deep effects on the fitness market, the situation improved in all markets later in the year. With this, there was a renewed optimism among Exerp's customers. This showed in increased consultancy and development work towards the end of the year as these revenue streams came back to pre-pandemic levels on a monthly basis.

The realised revenue for 2021 was lower than in 2020 both for recurring revenue as well as consultancy. However, with the uptick in activity towards the end of 2021 there was net growth in both annualised recurring revenue and total number of clubs at 31 December 2021 compared to the year before. Operating profits excluding special items was 14.1 million DKK compared to 25.3 million DKK in 2020. The net profit of Exerp ApS increased in 2021 due to proceeds from the sale of Exerp America Inc to Clubessential.

In late May 2021 the Exerp group of companies was acquired by Clubessential Holdings LLC, a US based, private equity backed company offering an array of SaaS solutions for the club, membership, hospitality, and sports industries. The inclusion of Exerp under the Clubessential umbrella will enable synergies and exchange of knowledge across the wider group, thereby strengthening Exerp's opportunities.

In early 2022 the company has embarked on a thorough transformation process driven by the acquisition to create efficiencies and to improve profitability both in the recurring revenue and the consultancy businesses. In this connection top management has changed and a range of other initiatives are being rolled out. This transformation is set to be completed by the end of the 2022 financial year. The company will continue to invest in its software platform and the modernization of its IT infrastructure and technical stack.

The income statement for 2021 shows a net profit of 85.6 million DKK against 19.0 million DKK last year, and the balance sheet at 31 December 2020 shows equity of 7.1 million DKK.

### Capital resources

The balance sheet of Exerp ApS per 31 December 2021 shows equity of 7.1 million DKK, current assets of 18.6 million DKK and short-term liabilities of 7.0 million DKK. Based here on the capital resources are sufficient to finance the group's plans for the upcoming period. For 2022 a net result of 10-15 million DKK is expected.



## Key figures and financial ratios

	2021 DKK	2020 DKK	2019 DKK	2018 DKK	2017 DKK
<b>Key figures</b>					
Gross Margin	61,084,409	72,111,863	61,420,485	53,521,633	43,456,082
Operating profit	-3,754,875	25,291,529	12,190,728	8,162,892	3,685,460
Net financial income/costs	767,661	-942,941	424,192	-228,780	-327,646
Profit before tax	88,940,525	24,348,588	12,614,920	7,934,112	3,357,814
Profit for the year	85,615,387	18,960,814	9,808,333	6,181,980	2,571,123
Balance sum	19,181,636	53,220,198	28,283,987	28,314,225	20,929,240
Total fixed assets	597,558	483,816	607,305	505,606	714,992
Additions in the year	466,777	224,036	530,152	306,919	379,870
Equity	7,095,257	30,794,893	11,834,079	17,025,746	10,843,768
<b>Financial ratios</b>					
Solvency ratio	37.0%	57.9%	41.8%	60.1%	51.8%
Return on Equity	451.9%	89.0%	68.0%	44.4%	26.9%

## Income statement for the year ended 31 December

	Notes	2021 DKK	2020 DKK
<b>Gross Margin</b>		61,084,409	72,111,863
Staff costs	3	-64,488,250	-46,476,956
<b>Profit before depreciations</b>		<b>-3,403,841</b>	<b>25,634,907</b>
Depreciations of tangible and intangible assets	4	-351,034	-343,378
<b>Operating profit</b>		<b>-3,754,875</b>	<b>25,291,529</b>
Income from investments in subsidiaries	2	91,927,739	0
Financial income		1,254,075	13,584
Financial expenses		-486,414	-956,525
<b>Profit before tax</b>		<b>88,940,525</b>	<b>24,348,588</b>
Tax for the year	5	-3,325,138	-5,387,774
<b>Profit for the year</b>	6	<b>85,615,387</b>	<b>18,960,814</b>

## Balance sheet at 31 December

### Assets

	Notes	2021 DKK	2020 DKK
<b>Fixed assets</b>			
Plant and equipment		597,558	483,816
<b>Total plant and equipment</b>	7	<b>597,558</b>	<b>483,816</b>
<b>Total fixed assets</b>		<b>597,558</b>	<b>483,816</b>
<b>Financial assets</b>			
Investments in subsidiaries		494	7,180
<b>Total financial assets</b>	8	<b>494</b>	<b>7,180</b>
<b>Current assets</b>			
Inventories of consumables		38,771	60,533
<b>Inventories</b>		<b>38,771</b>	<b>60,533</b>
Trade receivables		9,561,857	13,785,435
Intercompany receivables		596,271	5,491,757
Other receivables		2,026,167	1,810,214
Prepayments		1,971,970	2,231,284
<b>Total receivables</b>		<b>14,156,265</b>	<b>23,318,690</b>
<b>Cash and cash equivalents</b>		<b>4,388,549</b>	<b>29,349,979</b>
<b>Total current assets</b>		<b>18,583,585</b>	<b>52,729,203</b>
<b>Total assets</b>		<b>19,181,636</b>	<b>53,220,198</b>

## Balance sheet at 31 December

### Equity and Liabilities

	Notes	2021 DKK	2020 DKK
<b>Equity</b>			
Share capital		186,966	186,966
Retained earnings		6,908,291	30,607,927
<b>Total equity</b>	9	<b>7,095,257</b>	<b>30,794,893</b>
Deferred tax	5	311,402	353,314
<b>Total provisions</b>		<b>311,402</b>	<b>353,314</b>
Deferred holiday pay (new holiday legislation)	10	4,815,136	4,193,816
<b>Long-term liabilities</b>		<b>4,815,136</b>	<b>4,193,816</b>
Prepayments from customers		93,103	67,000
Trade payables		782,565	987,382
Intercompany payables		322,159	0
Income taxes payable		2,447,754	4,382,370
Other payables	10	3,314,261	12,441,424
<b>Short-term liabilities</b>		<b>6,959,841</b>	<b>17,878,175</b>
<b>Total liabilities</b>		<b>11,774,977</b>	<b>22,071,991</b>
<b>Total equity and liabilities</b>		<b>19,181,636</b>	<b>53,220,198</b>
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## 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.

### Reporting currency

The Financial Statements for 2021 are denominated in Danish kroner.

### Consolidated financial statements

With reference to section Danish Financial Statements Act §112 consolidated statements has not been prepared.

### 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.

## Financial Ratios

Financial ratios have been calculated as follows:

$$\text{Solvency ratio} = \frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}} \quad \text{Return on equity} = \frac{\text{Net profit for year} \times 100}{\text{Average equity}}$$

## 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.

## Income statement

### Revenue and Gross Margin

Referring to the Danish Financial Statements Act § 32, revenue is not disclosed in the annual report.

Gross Margin includes the line items: Revenue, other operating income, cost of sales and other external expenses

### 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 Exerp Holdings Aps.



## Notes to the financial statement

	<u>2021</u>	<u>2020</u>
	DKK	DKK

### 2 Special Items

Special items included in results from subsidiaries amount to an income of DKK 91,927,739 due to the disposal of the subsidiary Exerp America Inc. Special items included in staff costs amounts to DKK 17,847,328 (costs) due to one-time extraordinary bonuses to management and employees.

### 3 Staff costs

Salaries	61,954,751	44,304,229
Pensions	1,952,786	1,610,168
Other social security costs	580,713	562,560
	<u><b>64,488,250</b></u>	<u><b>46,476,956</b></u>
Average number of employees	<u>69</u>	<u>72</u>

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

### 4 Depreciations of tangible and intangible assets

Depreciations of equipment	<u>351,034</u>	<u>343,378</u>
<b>Total depreciations</b>	<u><b>351,034</b></u>	<u><b>343,378</b></u>

## Notes to the financial statement

	2021 DKK	2020 DKK
<b>5 Tax for the year</b>		
Current tax	3,379,097	5,189,027
Adjustment related to prior year and foreign tax	-12,046	27,933
Deferred tax	-41,913	170,814
<b>Total tax in the income statement</b>	<b>3,325,138</b>	<b>5,387,774</b>
Deferred tax related to:		
Equipment	-117,619	-123,418
Prepaid expenses	429,021	476,733
<b>Total deferred tax liability</b>	<b>311,402</b>	<b>353,315</b>
Deferred tax is calculated with 22 % tax rate.		
<b>6 Appropriation of the profit</b>		
Recommended appropriation of the profit for the year		
Extraordinary dividend	109,315,022	0
Proposed dividend	0	0
Retained earnings	-23,699,636	18,960,814
	<b>85,615,387</b>	<b>18,960,814</b>
<b>7 Equipment</b>		
	Equipment	Leased assets to customers
Cost at 1 January 2021	2,280,188	167,068
Additions in the year	466,777	0
Disposals in the year	-143,328	0
Cost at 31 December 2021	2,603,637	167,068
Depreciations at 1 January 2021	1,796,373	167,068
Depreciations in the year	351,034	0
Reversal of depreciation on disposals	-141,328	0
Depreciations at 31 December 2021	2,006,079	167,068
<b>Carrying amount at 31 December 2021</b>	<b>597,558</b>	<b>0</b>

## Notes to the financial statement

### 8 Financial assets

	2021	2020
	DKK	DKK
Investments in subsidiaries:		
Cost at 1 January 2021	7,180	7,180
Additions in the year	0	
Divestments in the year	-6,687	0
Cost at 31 December 2021	494	7,180
<b>Carrying amount at 31 December 2021</b>	<b>494</b>	<b>7,180</b>

#### Company:

Exerp America Inc  
Exerp Asia-Pacific Pty Ltd

#### Ownership:

Divested in the year (100%)  
100%

### 9 Equity

	Share capital	Retained earnings	Proposed dividend for the financial year	Total
Equity 1 January 2021	186,966	30,607,927		30,794,893
Extraordinary dividend		-109,315,022		-109,315,022
Profit for the year		85,615,387		85,615,387
<b>Equity 31 December 2021</b>	<b>186,966</b>	<b>6,908,291</b>	<b>0</b>	<b>7,095,257</b>

### 10 Other debt

	2021 total	of which current	1-5 years	over 5 years	2020 total	of which current
Deferred holiday pay	4,815,136			4,815,136	4,193,816	0
Other debt	3,314,261	3,314,261				
<b>Total long-term liabilities</b>	<b>8,129,397</b>	<b>3,314,261</b>	<b>0</b>	<b>4,815,136</b>	<b>4,193,816</b>	<b>0</b>

# Notes to the financial statement

## 11 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 15.799.

Exerp ApS is jointly taxed with Amleto ApS and Exerp Holdings ApS.

The total amount for corporate taxes payable or receivable is presented in the Annual Report for Exerp Holdings ApS as the 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.

## 12 Related parties

### Ultimate Parent

Clubessential Holdings, LLC

### Domicile

4600 McAuley Place, Suite 350  
Cincinnati, OH 45242

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

The consolidated financial statements can requested at:

Exerp Holdings APS

c/o Exerp ApS

Rued Langgaardsvej 8

2300 Copenhagen S

## 13 Subsequent events

There are no subsequent events to report.