

---

***Functional Supply A/S***  
Annual report for 2020

---

CVR no. 38 78 05 14

Adopted at the annual general  
meeting on 20 April 2021

---

Michael Schrøder  
chairman

# Table of contents

## Statements

Statement by management on the annual report	3
Independent auditor's report	4

## Company details

Company details	6
-----------------	---

## Financial statements

Accounting policies	7
Income statement 1 January - 31 December	11
Balance sheet at 31 December 2020	12
Statement of changes in equity	14
Notes to the annual report	15

## Statement by management on the annual report

The Board of Directors and Executives Board have today discussed and approved the annual report of Functional Supply A/S for the financial year 1 January - 31 December 2020.

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

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2020 and of the results of the company's operations for the financial year 1 January - 31 December 2020.

We recommend that the annual report should be approved by the company in the general meeting.

Rødovre, 20 April 2021

### Executive board

Morten Nørdum Bentzen  
director

### Board of Directors

Alexander Basil John Wood  
chairman

Jimmi Nielsen Kragelund

Michael Schrøder

# Independent auditor's report

## To the shareholder of Functional Supply A/S

### Opinion

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

We have audited the financial statements of Functional Supply A/S 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 ("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' 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.

### 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 the 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 judgment and maintain professional skepticism throughout the audit. We also:

## Independent auditor's report

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 20 April 2021

### **PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

CVR-nr. 33 77 12 31

Bo Schou-Jacobsen  
State authorized public accountant  
Mne28703

Conrad Mattrup Lundsgaard  
State authorized public accountant  
Mne34529

## Company details

<b>The company</b>	Functional Supply A/S Egegårdsvej 61 DK-2610 Rødovre  CVR no: 38 78 05 14 Reporting period: 1 January - 31 December Domicile: Rødovre
<b>Board of Directors</b>	Alexander Basil John Wood, chairman Jimmi Nielsen Kragelund Michael Schrøder
<b>Executive board</b>	Morten Nørdum Bentzen
<b>Auditors</b>	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

## Accounting policies

The annual report of Functional Supply A/S for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B, with supplement from class C.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

The annual report for 2020 is presented in TDKK.

### Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

## Income statement

### Gross profit

Gross profit reflects an aggregation of revenue, cost of goods sold, other income and other external expenses.

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

### Revenue

Income from sale of goods for resale is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

Revenue is measured at fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. Revenue is net of all types of discounts granted.

## Accounting policies

### Cost of goods sold

Costs of goods sold is related to the use in generating the year's revenue.

### Other income

Other income relates to fixed cost compensation regarding the Covid-19 pandemic.

### Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

### Staff costs

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.

### Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised gains and losses on foreign currency transactions and allowances under the advance-payment-of-tax scheme, etc.

### Tax on profit for the year

The company is subject to the Danish rules on compulsory joint taxation of the Group's Danish enterprises. Enterprises participate in the joint taxation arrangement from the time when they are included in the consolidated financial statements and until the time when they withdraw from the consolidation of Forward TopCo A/S.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

### Intangible assets

#### ***Development projects***

Development costs include fixed costs, salary and depreciations directly and indirectly attributable to development activities.

Development projects recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Following the completion of the development work, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually three years.



# Accounting policies

## Property, plant and equipment

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

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	Useful life
Other fixtures and fittings, tools and equipment	3-10 years

The useful life and residual value of the company's property, plant and equipment is reassessed annually.

Gains or losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses, respectively.

## Lease

Lease for items of property, plant and equipment that transfer substantially all the risks and rewards incident to ownership to the company (finance leases) are recognised in the balance sheet as assets. On initial recognition, assets are measured at estimated cost, corresponding to the lower of fair value of the leased asset and the present value of the future lease payments. In calculating the net present value of the future lease payments, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently depreciated as the company's other non-current assets.

The capitalised residual lease commitment is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

All other leases are operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The company's total liabilities relating to operating leases and other rent agreements are disclosed under "Contingencies, etc."

## Impairment of fixed assets

The carrying amount of intangible and property, plant and equipment is tested for impairment, other than what is reflected through normal amortisation and depreciation on an annual basis.

## Stocks

Stocks are measured at cost using the FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

The cost of goods for resale comprises the purchase price plus delivery costs.

The net realisable value of stocks is calculated as the selling price less costs of completion and expenses incurred to effect the sale. The net realisable value is determined taking into account marketability, obsolescence and expected selling price movements.

# Accounting policies

## Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

## Equity

### *Reserve for development costs*

Reserve for development costs includes recognised development cost. The reserve cannot be used for dividends or coverage of losses. The reserve is reduced or dissolved if the recognised development costs are incurred by the company's operations. This is done by transferring directly to the equity reserve's free reserve.

### **Income tax and deferred tax**

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account. Current tax is presented as corporation tax in the balance sheet.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax losses allowed for carry forward, are measured at the value to which the asset is expected to be realised, either as a set-off against tax on future income or as a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

### **Liabilities**

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Financial liabilities also include the capitalised residual finance lease commitment. Other liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

## Income statement 1 January - 31 December 2020

	2020	2019
	TDKK	TDKK
<b>2 Gross profit</b>	<b>14,687</b>	<b>18,368</b>
3 Staff costs	-	-
4 Depreciation, amortisation and impairment	(4,120)	(3,742)
<b>Profit before net financials</b>	<b>10,567</b>	<b>14,626</b>
Financial costs	(324)	(487)
<b>Profit before tax</b>	<b>10,243</b>	<b>14,139</b>
5 Tax on profit for the year	(2,354)	(3,147)
<b>Profit for the year</b>	<b>7,889</b>	<b>10,992</b>
6 Distribution of profit		

## Balance sheet at 31 December 2020

Assets	2020 TDKK	2019 TDKK
Completed development projects	697	1,230
<b>7 Intangible assets</b>	<b>697</b>	<b>1,230</b>
Other fixtures and fittings, tools and equipment	7,977	10,426
<b>8 Property, plant and equipment</b>	<b>7,977</b>	<b>10,426</b>
<b>Total fixed assets</b>	<b>8,674</b>	<b>11,656</b>
<b>9 Stocks</b>	<b>10,318</b>	<b>12,631</b>
Trade receivables	11,097	31,346
Deferred tax asset	151	-
10 Prepayments	-	98
<b>Receivables</b>	<b>11,248</b>	<b>31,444</b>
<b>Cash at bank and in hand</b>	<b>22,431</b>	<b>5,902</b>
<b>Total current assets</b>	<b>43,997</b>	<b>49,977</b>
<b>Total assets</b>	<b>52,671</b>	<b>61,633</b>

## Balance sheet at 31 December 2020

Equity and liabilities	2020	2019
	TDKK	TDKK
11 Share capital	1,000	1,000
Reserve for development expenditure	544	959
Retained earnings	26,713	18,409
<b>Equity</b>	<b>28,257</b>	<b>20,368</b>
Provision for deferred tax	-	2
<b>Total provisions</b>	<b>-</b>	<b>2</b>
12 Lease obligations	5,694	8,200
<b>Total non-current liabilities other than provisions</b>	<b>5,694</b>	<b>8,200</b>
12 Lease obligations	3,599	3,304
Trade payables	3,819	6,212
Payables to group companies	5,366	17,746
Corporation tax	2,431	2,455
Other payables	3,505	3,346
<b>Total current liabilities</b>	<b>18,720</b>	<b>33,063</b>
<b>Total liabilities</b>	<b>24,414</b>	<b>41,263</b>
<b>Total equity and liabilities</b>	<b>52,671</b>	<b>61,633</b>
1 Business activities		
13 Contingencies, etc.		
14 Related parties		
15 Subsequent events		

## Statement of changes in equity

	Share capital	Reserve for development expenditure	Retained earnings	Total
Equity at 1 January 2020	1,000	959	18,409	20,368
Transfer, reserves	-	(415)	415	-
Net profit for the year	-	-	7,889	7,889
<b>Equity at 31 December 2020</b>	<b>1,000</b>	<b>544</b>	<b>26,713</b>	<b>28,257</b>

# Notes to the annual report

## 1 Business activities

The company's purpose is to sell nutritional products, fitness related products and other related business.

## 2 Gross profit

Gross profit includes other income of TDKK 1,291 regarding government compensation received for fixed costs due to Covid-19.

	2020	2019
	TDKK	TDKK
<b>3 Staff costs</b>		
Wages and salaries	-	-
Pensions	-	-
Other social security costs	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Average number of employees	<u>-</u>	<u>-</u>

Employees are employed by the sister company Fitness World A/S. Remuneration agreement has been made between Functional Supply A/S and Fitness World A/S to cover staff cost and other operational cost paid by Fitness World A/S. Those cost are included as other external costs. Remuneration of executive management is disclosed in the financial statements of Fitness World A/S.

## 4 Depreciation, amortisation and impairment

Amortisation of intangible assets	483	309
Depreciation of tangible assets	3,637	3,433
	<u>4,120</u>	<u>3,742</u>

## 5 Tax on profit for the year

Current tax for the year	2,431	2,954
Change in deferred tax for the year	(152)	193
Adjustment of tax concerning previous years	75	-
	<u>2,354</u>	<u>3,147</u>

## 6 Distribution of profit

Retained earnings	7,889	10,992
	<u>7,889</u>	<u>10,992</u>

# Notes to the annual report

## 7 Intangible assets

	Completed development projects
Cost at 1 January 2020	1,539
Additions for the year	-
Disposals for the year	(50)
Cost at 31 December 2020	<u>1,489</u>
Impairment losses and amortisation at 1 January 2020	309
Amortisation for the year	483
Impairment losses and amortisation at 31 December 2020	<u>792</u>
<b>Carrying amount at 31 December 2020</b>	<b><u>697</u></b>

## 8 Tangible assets

	Other fixtures and fittings, tools and equipment
Cost at 1 January 2020	17,699
Additions for the year	1,188
Cost at 31 December 2020	<u>18,887</u>
Impairment losses and depreciation at 1 January 2020	7,273
Depreciation for the year	3,637
Impairment losses and depreciation at 31 December 2020	<u>10,910</u>
<b>Carrying amount at 31 December 2020</b>	<b><u>7,977</u></b>
Tangible assets include financial leasing assets with a total carrying amount of	<u>7,381</u>

	2020 TDKK	2019 TDKK
<b>9 Stocks</b>		
Goods for resale	9,694	11,441
Prepayments for goods	624	1,190
	<u>10,318</u>	<u>12,631</u>

## 10 Prepayments

Prepayments comprise prepaid expenses regarding rent and insurance premiums.

## 11 Equity

The share capital consists of 1,000 shares of a nominal value of TDKK 1. No shares carry any special rights.



## Notes to the annual report

	<u>2020</u>	<u>2019</u>
	TDKK	TDKK
<b>12 Long term debt</b>		
<b>Lease obligations</b>		
Between 1 and 5 years	5,694	8,200
Within 1 year	<u>3,599</u>	<u>3,304</u>
	<b><u>9,293</u></b>	<b><u>11,504</u></b>

### 13 Contingencies, etc.

The company is jointly taxed with the Danish companies in the Group. The company is together with other companies in the Group liable for corporate taxes and withholding taxes on dividends, interest and royalties within the joint taxation.

The company has no other contingent liabilities.

### 14 Related parties

#### Controlling interest

The company is fully owned by Fitness World Group A/S, Egegårdsvej 61, DK-2610 Rødovre.

#### Consolidated financial statements

Functional Supply A/S is included in the consolidated financial statements of the ultimate parent company Pinnacle Bidco PLC. The consolidated statements can be requested at the following address: Town Centre House, Merrion Centre, Leeds LS2 8LY, Pure Gym Ltd, UK

### 15 Subsequent events

No events have occurred after the balance sheet date that would influence the evaluation of these financial statements.

# PENNEO

Underskrifterne i dette dokument er juridisk bindende. Dokumentet er underskrevet via Penneo™ sikker digital underskrift. Underskrivernes identiteter er blevet registereret, og informationerne er listet herunder.

“Med min underskrift bekræfter jeg indholdet og alle datoer i dette dokument.”

## Alexander Basil John Wood

Bestyrelsesformand

Serienummer: alex.wood@puregym.com

IP: 94.11.xxx.xxx

2021-04-20 11:31:32Z

## Michael Schrøder

Bestyrelsesmedlem

Serienummer: PID:9208-2002-2-238225047423

IP: 109.70.xxx.xxx

2021-04-20 11:35:42Z

NEM ID

## Jimmi Nielsen Kragelund

Bestyrelsesmedlem

Serienummer: PID:9208-2002-2-221011615506

IP: 109.70.xxx.xxx

2021-04-20 12:14:52Z

NEM ID

## Navnet er skjult (CPR valideret)

Adm. direktør

Serienummer: PID:9208-2002-2-629563007957

IP: 62.198.xxx.xxx

2021-04-20 12:27:09Z

NEM ID

## Conrad Mattrup Lundsgaard

Statsautoriseret revisor

På vegne af: PricewaterhouseCoopers Statsautoriseret...

Serienummer: CVR:33771231-RID:68064068

IP: 83.136.xxx.xxx

2021-04-20 13:10:39Z

NEM ID

## Bo Schou-Jacobsen

Statsautoriseret revisor

På vegne af: PricewaterhouseCoopers Statsautoriseret...

Serienummer: CVR:33771231-RID:24377003

IP: 83.136.xxx.xxx

2021-04-20 16:07:48Z

NEM ID

## Michael Schrøder

Dirigent

Serienummer: PID:9208-2002-2-238225047423

IP: 87.52.xxx.xxx

2021-04-20 18:45:18Z

NEM ID

Penneo dokumentnøgle: JSUNU-O4GGQ-F06CF-J3YC7-NLKT4-D802T

Dette dokument er underskrevet digitalt via **Penneo.com**. Signeringsbeviserne i dokumentet er sikret og valideret ved anvendelse af den matematiske hashværdi af det originale dokument. Dokumentet er låst for ændringer og tidsstemplet med et certifikat fra en betroet tredjepart. Alle kryptografiske signeringsbeviser er indlejret i denne PDF, i tilfælde af de skal anvendes til validering i fremtiden.

### Sådan kan du sikre, at dokumentet er originalt

Dette dokument er beskyttet med et Adobe CDS certifikat. Når du åbner dokumentet

i Adobe Reader, kan du se, at dokumentet er certificeret af **Penneo e-signature service** <penneo@penneo.com>. Dette er din garanti for, at indholdet af dokumentet er uændret.

Du har mulighed for at efterprøve de kryptografiske signeringsbeviser indlejret i dokumentet ved at anvende Penneos validator på følgende websted: <https://penneo.com/validate>