

# Global Fitness Enterprises ApS

Øresundsvej 138 G, 2300 København S

Company reg. no. 40 63 31 97

## Annual report

3 July - 31 December 2019

The annual report was submitted and approved by the general meeting on the 16 September 2020.

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Sebastian Manthey Larsen  
Chairman of the meeting

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Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, IAS/IFRS British English terminology has been used.
- Please note that decimal points remain unchanged from Danish version of the document. This means that DKK 146.940 corresponds to the English amount of DKK 146,940, and that 23,5 % corresponds to 23.5 %.

## **Management's report**

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Today, the board of directors and the managing director have presented the annual report of Global Fitness Enterprises ApS for the financial year 3 July - 31 December 2019 of Global Fitness Enterprises ApS.

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

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 December 2019 and of the company's results of activities in the financial year 3 July – 31 December 2019.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

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

København S, 16 September 2020

### **Managing Director**

Sebastian Manthey Larsen

### **Board of directors**

Kenneth Andreasen

## **Independent auditor's report**

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### **To the shareholders of Global Fitness Enterprises ApS**

#### **Opinion**

We have audited the financial statements of Global Fitness Enterprises ApS for the financial year 3 July - 31 December 2019, which comprise accounting policies, income statement, statement of financial position and notes. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 December 2019 and of the results of the company's activities for the financial year 3 July - 31 December 2019 in accordance with the Danish Financial Statements Act.

#### **Basis for opinion**

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section "Auditor's responsibilities for the audit of the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics), 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.

#### **Material uncertainties concerning the company's ability to continue as a going concern**

We draw attention to note 1 in the annual accounts, which indicates that material uncertainties exist that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### **Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the 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 unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

## **Independent auditor's report**

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### **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 including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing, 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 international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment 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 the 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 preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from 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 disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a fair view.

## **Independent auditor's report**

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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 the internal control that we identify during our audit.

### **Statement on the management commentary**

Management is responsible for the management commentary.

Our opinion on and the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Copenhagen, 16 September 2020

### **BUUS JENSEN**

State Authorised Public Accountants  
Company reg. no. 16 11 90 40

**Michael Markussen**

State Authorised Public Accountant  
mne34295

## **Company information**

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### **The company**

Global Fitness Enterprises ApS  
Øresundsvej 138 G  
2300 København S

Company reg. no. 40 63 31 97  
Established: 3 July 2019  
Domicile: Copenhagen  
Financial year: 3 July - 31 December

### **Board of directors**

Kenneth Andreasen

### **Managing Director**

Sebastian Manthey Larsen

### **Auditors**

BUUS JENSEN, Statsautoriserede revisorer

## **Management commentary**

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### **The principal activities of the company**

The main activity of the company is to be the master franchisee of the Orangetheory Fitness concept in Denmark.

The studios are operated by the company's subsidiaries.

### **Development in activities and financial matters**

The loss for the year after tax totals DKK -117.403. The management considers the result for the year as expected.

Management refers to note 1 in the annual accounts, in which the management describes the company's financial situation.

### **Events occurring after the end of the financial year**

The first two studios were expected to open in April 2020. However, due to the ongoing global Covid-19 outbreak, the opening has been postponed. The first studio opened in September 2020, and Management expects to open the second studio at the end of 2020 or at the beginning of 2021.



## **Income statement**

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All amounts in DKK.

<u>Note</u>	3/7 2019	- 31/12 2019
		<b>-74.924</b>
2	Other financial costs	<u>-42.479</u>
	<b>Pre-tax net profit or loss</b>	<b>-117.403</b>
	Tax on net profit or loss for the year	<u>0</u>
	<b>Net profit or loss for the year</b>	<b>-117.403</b>
	<b>Proposed appropriation of net profit:</b>	
	Allocated from retained earnings	<u>-117.403</u>
	<b>Total allocations and transfers</b>	<b>-117.403</b>

## Statement of financial position

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All amounts in DKK.

<u>Note</u>	<u>31/12 2019</u>
<b>Assets</b>	
<b>Non-current assets</b>	
3 Concessions, patents, licenses, trademarks, and similar rights acquired	2.647.760
Total intangible assets	<u>2.647.760</u>
4 Equity investments in group enterprises	100.000
Total investments	<u>100.000</u>
<b>Total non-current assets</b>	<b><u>2.747.760</u></b>
<b>Current assets</b>	
Receivables from group enterprises	48.076
Total receivables	<u>48.076</u>
Cash on hand and demand deposits	<u>4.802.061</u>
<b>Total current assets</b>	<b><u>4.850.137</u></b>
<b>Total assets</b>	<b><u>7.597.897</u></b>

## Statement of financial position

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All amounts in DKK.

<b>Equity and liabilities</b>		
<u>Note</u>		<u>31/12 2019</u>
<b>Equity</b>		
5	Contributed capital	50.000
7	Retained earnings	<u>7.524.897</u>
	<b>Total equity</b>	<b><u>7.574.897</u></b>
 <b>Liabilities other than provisions</b>		
	Trade payables	<u>23.000</u>
	Total short term liabilities other than provisions	<u>23.000</u>
	<b>Total liabilities other than provisions</b>	<b><u>23.000</u></b>
	<b>Total equity and liabilities</b>	<b><u>7.597.897</u></b>

**1** Uncertainties concerning the enterprise's ability to continue as a going concern

**8** Contingencies

## Notes

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All amounts in DKK.

3/7 2019  
- 31/12 2019

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### 1. Uncertainties concerning the enterprise's ability to continue as a going concern

The first two studios were expected to open in April 2020. However, due to the ongoing global Covid-19 outbreak, the opening has been postponed. The first studio opened in September 2020, and Management expects to open the second studio at the end of 2020 or at the beginning of 2021. It is a material condition for the company's ability to continue as a going concern, that the company is provided with the necessary liquidity from its owners to finance the opening of the second studio and the planned loss of operations in the start-up period at the same time as the studios can realize the expected growth in new members and revenue, and that a leasing agreement is entered into with the group's leasing partner.

### 2. Other financial costs

Other financial costs	42.479
	<hr/>
	<b>42.479</b>

### 3. Concessions, patents, licenses, trademarks, and similar rights acquired

Cost 3 July 2019	0
Additions during the year	2.647.760
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<b>Cost 31 December 2019</b>	<b>2.647.760</b>
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<b>Carrying amount, 31 December 2019</b>	<b>2.647.760</b>

## Notes

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All amounts in DKK.

	<u>31/12 2019</u>
<b>4. Equity investments in group enterprises</b>	
Cost 3 July 2019	0
Additions during the year	<u>100.000</u>
<b>Cost 31 December 2019</b>	<b><u>100.000</u></b>
<b>Carrying amount, 31 December 2019</b>	<b><u>100.000</u></b>

### Financial highlights for the enterprises according to the latest approved annual reports

	Equity interest	Equity	Results for the year	Carrying amount, Global Fitness Enterprises ApS
Global Fitness Enterprises 01 ApS, København	100 %	7.395	-42.605	50.000
Global Fitness Enterprises 02 ApS, København	100 %	<u>50.000</u>	<u>0</u>	<u>50.000</u>
		<b><u>57.395</u></b>	<b><u>-42.605</u></b>	<b><u>100.000</u></b>

### 5. Contributed capital

Contributed capital 3 July 2019	<u>50.000</u>
	<b><u>50.000</u></b>

### 6. Share premium

Share premium 3 July 2019	7.642.300
Transferred to retained earnings	<u>-7.642.300</u>
	<b><u>0</u></b>

### 7. Retained earnings

Retained earnings 3 July 2019	0
Retained earnings for the year	-117.403
Transferred from share premium	<u>7.642.300</u>
	<b><u>7.524.897</u></b>

## Notes

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All amounts in DKK.

### 8. Contingencies

#### Contingent liabilities

	DKK in thousands
Other contingent liabilities	13.039
<b>Total contingent liabilities</b>	<b>13.039</b>

Comprising:

Contingent liabilities, group enterprises	13.039
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#### Joint taxation

The company acts as administration company for the group of companies subject to the Danish scheme of joint taxation and is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, to pay the total corporation tax.

The company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

The total tax payable under the joint taxation scheme totals DKK 0.

The liability relating to obligations in connection with withholding tax on dividends, interest, and royalties represents an estimated maximum of DKK 0.

Any subsequent adjustments of corporate taxes or withholding taxes, etc., may result in changes in the company's liabilities.

## **Accounting policies**

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The annual report for Global Fitness Enterprises ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The annual report is presented in DKK. The annual report comprises the first financial year and hence comparative figures are not available.

### **Recognition and measurement in general**

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems 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 it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

### **Foreign currency translation**

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of transaction. Exchange rate differences arising between the rate at the date of transaction and the rate at the date of payment are recognised in the income statement as an item under net financials.

Fixed assets and other nonmonetary assets acquired in foreign currency and not considered to be investment assets are measured using the exchange rate at the transaction date.

## **Income statement**

### **Gross loss**

Gross loss comprises the revenue and external costs.

## **Accounting policies**

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Revenue consists of royalties from subfranchised studios based on a percent of sales. Revenue is recognised less VAT.

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

### **Financial income and expenses**

Financial income and expenses comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the income statement with the amounts concerning the financial year.

Dividend from equity investments in group enterprises is recognised in the financial year in which the dividend is declared.

### **Tax on net profit or loss for the year**

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises. The company acts as an administration company in relation to the joint taxation. This means that the total Danish tax payable by the Danish consolidated companies is paid to the tax authorities by the company.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

## **Statement of financial position**

### **Intangible assets**

#### **Development projects, patents, and licences**

Patents and licenses are measured at cost less accrued amortisation. Patents and licenses are amortised on a straightline basis over 5 years.

Profit and loss from the sale of development projects, patents, and licenses are measured as the difference between the sales price less sales costs and the carrying amount at the time of sale. Profit or loss are recognised in the income statement as other operating income or other operating expenses, respectively.



## **Accounting policies**

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### **Impairment loss relating to non-current assets**

The carrying amount of both intangible and tangible assets as well as equity investments in subsidiaries and associates are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation, respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow derived from the use of the asset or group of assets.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

### **Investments**

#### **Equity investments in group enterprises**

Equity investments in group enterprises are measured at cost. If the recoverable amount is lower than the cost, writedown for impairment is done to match this lower value.

### **Receivables**

Receivables are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, they are written down for impairment to the net realisable value.

### **Cash on hand and demand deposits**

Cash on hand and demand deposits comprise cash at bank and on hand.

### **Equity**

#### **Share premium**

Share premium comprises premium payments made in connection with the issue of shares. Costs incurred for carrying through an issue are deducted from the premium. The premium reserve can be used for dividend, for issuing bonus shares, and for covering losses.

### **Dividend**

Dividend expected to be distributed for the year is recognised as a separate item under equity. Proposed dividend is recognised as a liability at the time of approval by the annual general meeting (time of declaration).

## **Accounting policies**

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

Current tax receivables and tax liabilities are recognised in the statement of financial position with the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivables and tax liabilities are offset to the extent that a legal right of set-off exists and the items are expected to be settled net or simultaneously.

Global Fitness Enterprises ApS is jointly taxed with the Danish group companies and acts, in this respect, as the administration company. According to the rules of joint taxation, Global Fitness Enterprises ApS is unlimitedly, jointly, and severally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Deferred tax is tax on all temporary differences in the carrying amount and tax base of assets and liabilities measured on the basis of the planned application of the asset and disposal of the liability, respectively.

Deferred tax assets, including the tax value of tax losses eligible for carryforward, are recognised at their expected realisable value, either by settlement against tax of future earnings or by setoff in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisation value.

Deferred tax is measured on the basis of the tax rules and tax rates of applicable legislation at the reporting date and prevailing when the deferred tax is expected to be released as current tax.

### **Liabilities other than provisions**

Other liabilities other than provisions are measured at amortised cost which usually corresponds to the nominal value.