BUUS JENSEN
Statsautoriserede
Revisorer

Global Fitness Enterprises ApS

Prags Boulevard 80, 2300 København S

Company reg. no. 40 63 31 97

Annual report

1 January - 31 December 2023

The annual report was submitted and approved by the general meeting on the 29 July 2024.

Melissa Class
Chairman of the meeting

Contents

Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of Global Fitness Enterprises ApS for the financial year 1 January - 31 December 2023.

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

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January – 31 December 2023.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

København S, 29 July 2024

Managing Director

Jeanette Barendina Volquardsen

Board of directors

Zachary Railey Chairman	Kenneth Andreasen	Jeanette Barendina Volquardsen
Melissa Class		

Independent auditor's report

To the Shareholders of Global Fitness Enterprises ApS

Adverse Opinion

We have audited the financial statements of Global Fitness Enterprises ApS for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion” section of our report, the financial statements do not give a true and fair view of the financial position of the Company at 31 December 2023, and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for Adverse conclusion

Management has prepared the financial statements under the condition the company can continue as a going concern. As explained in note 1 to the financial statements, it is a material condition for the company’s ability to continue as a going concern that the actions and assumptions from the management are being met. We have not been able to obtain sufficient and appropriate audit evidence for the management plans. As a result, we do not agree with the management on the use of the going concern principle.

The Company has recognized intangible assets with a carrying amount of 530.000 DKK under non-current assets in the balance sheet. We have not been able to obtain sufficient and suitable audit evidence to evaluate the value of the assets. As a result, we were unable to determine whether any adjustments might have been found necessary regarding the carrying amount of the assets.

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.

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.

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 judgment and maintain professional skepticism 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 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.

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 Financial Statements Act.

Based on the work we have performed, we conclude that Management's Review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management's Review.

Copenhagen, 29 July 2024

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

Michael Markussen
State Authorised Public Accountant
mne34295

Company information

The company	Global Fitness Enterprises ApS Prags Boulevard 80 2300 København S	
	Company reg. no.	40 63 31 97
	Established:	3 July 2019
	Domicile:	Copenhagen
	Financial year:	1 January - 31 December
Board of directors	Zachary Railey, Chairman Kenneth Andreasen Jeanette Barendina Volquardsen Melissa Class	
Managing Director	Jeanette Barendina Volquardsen	
Auditors	BUUS JENSEN, Statsautoriserede revisorer	
Subsidiaries	Global Fitness Enterprises 01 ApS, København Global Fitness Enterprises 02 ApS, København	

Management´s review

Description of key 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.

Uncertainties about recognition or measurement

Management refers to note 1 in the financial statements, in which the management describes the uncertainties concerning the company's ability to continue as a going concern.

Management refers to note 2 in the financial statements, in which the management describes the uncertainties concerning the recognition and measurement of intangible assets with a carrying amount of 530.000 DKK as on 31 December 2023.

Development in activities and financial matters

The gross loss for the year after tax totals DKK -5.116.000 against DKK -8.586.000 last year. Management considers the net profit or loss for the year unsatisfactory.

In 2023, the growth in the number of active members and revenue in the group's two studios are less than management's expectations. The company has been cutting costs where needed.

As the equity represents less than half of the subscribed capital, the Company is subject to the Danish Companies Act section 119 regarding loss of capital. Management expects to recover the capital by converting debt to shareholders and investors into equity in August 2024 as well as from a planned capital increase from new investors in Q4 2024.

Income statement 1 January - 31 December

All amounts in DKK.

Note		2023	2022
	Gross profit	**-96.329**	**-159.569**
3	Staff costs	-300.964	-1.288.477
	Amortisation and impairment of intangibleassets	-529.552	-529.552
	Operating profit	**-926.845**	**-1.977.598**
	Income from investments in group enterprises	-988.514	-894.718
	Other financial income from subsidiaries	0	135.420
	Other financial income	134.952	190.688
4	Impairment of financial assets	-2.868.709	-5.927.569
5	Other financial expenses	-467.164	-112.718
	Pre-tax net profit or loss	**-5.116.280**	**-8.586.495**
	Tax on net profit or loss for the year	0	0
	Net profit or loss for the year	**-5.116.280**	**-8.586.495**
	Proposed distribution of net profit:		
	Allocated from retained earnings	-5.116.280	-8.586.495
	Total allocations and transfers	**-5.116.280**	**-8.586.495**

Balance sheet at 31 December

All amounts in DKK.

Assets

Note		2023	2022
	Non-current assets		
6	Acquired concessions, patents, licenses, trademarks, and similar rights	529.552	1.059.104
	Total intangible assets	529.552	1.059.104
7	Investments in group enterprises	0	0
	Total investments	0	0
	Total non-current assets	**529.552**	**1.059.104**
	Current assets		
8	Receivables from subsidiaries	0	0
	Other receivables	0	10.181
	Total receivables	0	10.181
	Cash and cash equivalents	12.138	650.574
	Total current assets	**12.138**	**660.755**
	Total assets	**541.690**	**1.719.859**

Balance sheet at 31 December

All amounts in DKK.

Equity and liabilities

Note		2023	2022
	Equity		
	Contributed capital	65.737	65.737
	Retained earnings	-8.813.594	-3.697.314
	Total equity	**-8.747.857**	**-3.631.577**
	Provisions		
	Provisions for investments in subsidiaries	1.313.904	325.389
	Total provisions	**1.313.904**	**325.389**
	Liabilities other than provisions		
	Trade payables	1.328.988	1.069.720
	Payables to shareholders and management	6.563.121	3.934.295
	Other payables	83.534	22.032
	Total short term liabilities other than provisions	7.975.643	5.026.047
	Total liabilities other than provisions	**7.975.643**	**5.026.047**
	Total equity and liabilities	**541.690**	**1.719.859**

1	**Uncertainties concerning the enterprise's ability to continue as a going concern**
2	**Uncertainties concerning recognition and measurement**
9	**Charges and security**
10	**Contingencies**

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Share premium	Retained earnings	Total
Equity 1 January 2022	54.167	0	400.751	454.918
Cash capital increase	11.570	4.488.430	0	4.500.000
Retained earnings for the year	0	0	-8.586.495	-8.586.495
Transferred to retained earnings	0	-4.488.430	4.488.430	0
Equity 1 January 2023	65.737	0	-3.697.314	-3.631.577
Retained earnings for the year	0	0	-5.116.280	-5.116.280
	65.737	**0**	**-8.813.594**	**-8.747.857**

Notes

All amounts in DKK.

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

The company has two studios, respectively in Lyngby and on Amager, via its subsidiaries Global Fitness Enterprises 01 ApS and Global Fitness Enterprises 02 ApS. Both companies have issued financial statements with material uncertainties, which affects the Group's ability to as a going concern as a whole. Both companies and the GFE group are still not cash-positive in 2024 when the financial statements are issued.

The group has continued cutting costs in 2024, and we are now focused on growing members and revenue. The plan is to grow each studio by about net 100 members or combined net 200 members by the end of January 2025. The expected growth is based on revamped sales and marketing efforts to drive awareness of Orangetheory Fitness in Denmark.

The GFE group has via the parent company, Global Fitness Enterprises ApS, obtained funding in February and July 2024 from current and new investors. The loan amounts are planned to be converted into equity in August 2024.

To ensure the cash flow until the company and the GFE group get to break even, the group is working on raising additional capital. The goal is to raise 3.400.000 DKK (500.000 USD) in Q4 2024. Hereof, management has already a soft commitment from a new investor of 1.360.000 DKK (200.000 USD). This will cause runway for the next 12-14 months until the company and group are expected to be break-even cash flow-wise in 2025.

It is a material condition for the company’s ability to continue as a going concern the above actions and assumptions are being met.

Based hereupon, management expects to have the necessary cash flow to finance the planned activities for the coming year. The financial statements have been prepared in accordance with the going concern principle.

2. Uncertainties concerning recognition and measurement

The Company has recognized intangible assets with a carrying amount of 530.000 DKK, cf. note 6. The estimates and judgments made are based on budgets and business plans for the coming years, but that, by nature, are associated with uncertainty and unpredictability and may prove incomplete or incorrect.

Notes

All amounts in DKK.

		2023	2022
3.	**Staff costs**		
	Salaries and wages	269.432	1.164.610
	Pension costs	27.000	99.603
	Other costs for social security	4.532	24.264
		300.964	**1.288.477**
	Average number of employees	1	2
4.	**Impairment of financial assets**		
	Impairment loss relating to financial assets	2.868.709	5.927.569
		2.868.709	**5.927.569**
5.	**Other financial expenses**		
	Other financial costs	467.164	112.718
		467.164	**112.718**

		31/12 2023	31/12 2022
6.	**Acquired concessions, patents, licenses, trademarks, and similar rights**		
	Cost 1 January 2023	2.647.760	2.647.760
	Cost 31 December 2023	**2.647.760**	**2.647.760**
	Amortisation and write-down 1 January 2023	-1.588.656	-1.059.104
	Amortisation and depreciation for the year	-529.552	-529.552
	Amortisation and write-down 31 December 2023	**-2.118.208**	**-1.588.656**
	Carrying amount, 31 December 2023	**529.552**	**1.059.104**

All amounts in DKK.

		31/12 2023	31/12 2022
7.	**Investments in group enterprises**		
	Cost 1 January 2023	6.650.001	6.000.000
	Additions during the year	0	650.000
	Cost 31 December 2023	**6.650.001**	**6.650.000**
	Writedown, opening balance 1 January 2023	-6.975.389	-6.080.671
	Net profit or loss for the year before amortisation of goodwill	-988.516	-894.718
	Writedown 31 December 2023	**-7.963.905**	**-6.975.389**
	Transferred to provisions	1.313.904	325.389
	Set off against debtors and provisions for liabilities	**1.313.904**	**325.389**
	Carrying amount, 31 December 2023	**0**	**0**

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 %	-6.681.663	-3.310.663	-243.564
Global Fitness Enterprises 02 ApS, København	100 %	-3.664.225	-2.111.194	-1.070.340
		-10.345.888	**-5.421.857**	**-1.313.904**

8.	**Receivables from subsidiaries**		
	Receivables from Global Fitness Enterprises 01 ApS	6.438.099	4.782.114
	Receivables from Global Fitness Enterprises 02 ApS	2.358.180	1.145.455
	Impairment loss relating to receivables from group enterprises	-8.796.279	-5.927.569
		0	**0**

9. Charges and security

The company has made guarantees towards the landlords in the subsidiaries Global Fitness Enterprises 01 ApS and Global Fitness Enterprises 02 ApS for rent commitments. The total rent liabilities as of 31 December 2023 amount to 14.741.000 DKK.

All amounts in DKK.

10. Contingencies

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 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

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 accounting policies are unchanged from last year, and the annual report is presented in DKK.

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 the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

Income statement

Gross loss

Gross loss comprises the revenue, cost of sales, other operating income, and external costs.

The enterprise will be applying IAS 18 as its basis of interpretation for the recognition of revenue.

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

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets, operating loss and conflict compensation as well as salary reimbursements received. Compensation is recognized when it is overwhelmingly probable that the company will receive the compensation.

Other external expenses comprise expenses incurred for sales and administration.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Results from investments in group enterprises

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the investment in the individual entities are recognised in the income statement as a proportional share of the entities' post-tax profit or loss.

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 are amortised on a straightline basis over the remaining patent period and licenses are amortised over the period of 5 years.

Profit and loss from the sale of 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.

Investments

Investments in group enterprises

Investments in group enterprises are recognised and measured by applying the equity method. The equity method is used as a measurement method.

Investments in group enterprises are recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

In relation to material assets and liabilities recognised in group enterprises but are not represented in the parent, the following accounting policies have been applied.

Property, plant, and equipment:

- Other property, plant, and equipment are measured at cost with the addition of depreciation and less accrued depreciation and impairment.

Leases:

- At their initial recognition in the statement of financial position, leases concerning property, plant, and equipment where the group enterprise holds all essential risks and advantages associated with the proprietary right (finance lease) are measured either at fair value or at the present value of the future lease payments, whichever value is lower. When calculating the present value, the discount rate used is the internal rate of return of the lease or, alternatively, the borrowing rate of the enterprise.

Inventories:

- Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Investments in group enterprises with a negative equity value are measured at DKK 0, and any accounts receivable from these enterprises are written down to the extent that the account receivable is uncollectible. To the extent that the parent has a legal or constructive obligation to cover an negative balance that exceeds the account receivable, the remaining amount is recognised under provisions.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises transferred to the reserve under equity for net revaluation according to the equity method. Dividends from group enterprises expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in group enterprises.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in group enterprises 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 the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired.If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank.

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.

Reserve for net revaluation according to the equity method

The reserve for net revaluation according to the equity method comprises net revaluation of equity investments in subsidiaries, associates and equity interests proportional to cost.

The reserve may be eliminated in the event of losses, realisation of equity investments, or changes in the accounting estimates.

The reserve cannot be recognised by a negative amount.

Income tax and deferred tax

As administration company, Global Fitness Enterprises ApS is liable to the tax authorities for the subsidiaries' corporate income taxes.

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Accounting policies

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as ”Tax receivables from group enterprises" or "Income tax payable to group enterprises"

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.