

Global Fitness Enterprises 01 ApS

Øresundsvej 138 G, 2300 København S

Company reg. no. 40 68 32 40

Annual report

29 July - 31 December 2019

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

Sebastian Manthey Larsen
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS British 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 report

Today, the board of directors and the executive board have presented the annual report of Global Fitness Enterprises 01 ApS for the financial year 29 July - 31 December 2019 of Global Fitness Enterprises 01 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 29 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

Executive board

Sebastian Manthey Larsen

Jakob Ejland Nygaard

Board of directors

Kenneth Andreasen
Chairman

Jakob Ejland Nygaard

Independent auditor's report

To the shareholders of Global Fitness Enterprises 01 ApS

Opinion

We have audited the financial statements of Global Fitness Enterprises 01 ApS for the financial year 29 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 29 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 a material uncertainty exists 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

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

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

The company	Global Fitness Enterprises 01 ApS Øresundsvej 138 G 2300 København S
	Company reg. no. 40 68 32 40 Established: 29 July 2019 Domicile: Copenhagen Financial year: 29 July - 31 December
Board of directors	Kenneth Andreasen, Chairman Jakob Ejland Nygaard
Executive board	Sebastian Manthey Larsen Jakob Ejland Nygaard
Auditors	BUUS JENSEN, Statsautoriserede revisorer
Parent company	Global Fitness Enterprises ApS

Management commentary

The principal activities of the company

The main activity of the company is to provide fitness club services for its members via subfranchise of the Orangetheory Fitness concept.

Development in activities and financial matters

The loss for the year after tax totals DKK -42.605. The management considers the result for the year as expected.

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 being profitable in the coming years.

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 studio was expected to open in April 2020. However, due to the ongoing global Covid-19 outbreak, the opening has been postponed. Management expects to open the studio at the end of 2020 or at the beginning of 2021.

Income statement

All amounts in DKK.

<u>Note</u>	29/7 2019 - 31/12 2019
Gross loss	-41.130
2 Other financial costs	-1.475
Pre-tax net profit or loss	-42.605
Tax on net profit or loss for the year	0
Net profit or loss for the year	-42.605
Proposed appropriation of net profit:	
Allocated from retained earnings	-42.605
Total allocations and transfers	-42.605

Statement of financial position

All amounts in DKK.

<u>Note</u>	<u>31/12 2019</u>
Assets	
Current assets	
Cash on hand and demand deposits	<u>89.627</u>
Total current assets	<u>89.627</u>
Total assets	<u>89.627</u>

Statement of financial position

All amounts in DKK.

Equity and liabilities		
<u>Note</u>		<u>31/12 2019</u>
Equity		
3	Contributed capital	50.000
4	Retained earnings	<u>-42.605</u>
	Total equity	<u>7.395</u>
 Liabilities other than provisions		
	Trade payables	33.281
	Payables to group enterprises	48.076
	Payables to shareholders and management	<u>875</u>
	Total short term liabilities other than provisions	<u>82.232</u>
	Total liabilities other than provisions	<u>82.232</u>
	Total equity and liabilities	<u>89.627</u>
 1 Uncertainties concerning the enterprise's ability to continue as a going concern		
5 Contingencies		

Notes

All amounts in DKK.

29/7 2019
- 31/12 2019

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

The studio was expected to open in April 2020. However, due to the ongoing global Covid-19 outbreak, the opening has been postponed. Management expects to open the studio at the end of 2020 or at the beginning of 2021. It is a material condition for the opening of the studio and the consequent premise for the company's ability to continue as a going concern, that the company is provided with the necessary liquidity from its owners at the same time as a leasing agreement is entered into with the company's leasing partner.

2. Other financial costs

Other financial costs	1.475
	<hr/> 1.475 <hr/>

3. Contributed capital

Contributed capital 29 July 2019	50.000
	<hr/> 50.000 <hr/>

4. Retained earnings

Retained earnings 29 July 2019	0
Retained earnings for the year	-42.605
	<hr/> -42.605 <hr/>

5. Contingencies

Contingent liabilities

	DKK in thousands
Rent obligations	8.425
Total contingent liabilities	<hr/> 8.425 <hr/>

Notes

All amounts in DKK.

5. Contingencies (continued)

Joint taxation

With Global Fitness Enterprises ApS, company reg. no 40 63 31 97 as administration company, the company is subject to the Danish scheme of joint taxation and unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for 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 jointly taxed enterprises' total known net liability to the Danish tax authorities emerges from the financial statements of the administration company.

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

Accounting policies

The annual report for Global Fitness Enterprises 01 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.

Income statement

Gross loss

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

Revenue comprises the value of sale of services and sale of goods.

Accounting policies

Sale of services consists of membership fees. For sale of services, revenue is recognized in the accounting period in which the services are rendered on a monthly basis over the contract term.

Membership fees collected but not earned are included in deferred revenue.

Sale of goods consists of sales of fitness-related products. Sale of goods is recognised in the income statement if delivery and passing of risk to the member have taken place before the end of the year.

Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Costs of sales includes royalties and costs for the purchase of raw materials and consumables less discounts and changes in inventories.

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.

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 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

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.

Accounting policies

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.

According to the rules of joint taxation, Global Fitness Enterprises 01 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.