

Kollektiv Sports ApS

Skolevej 2, 8654 Bryrup

Company reg. no. 41 15 68 05

Annual report

1 January - 31 December 2022

The annual report was submitted and approved by the general meeting on the 21 June 2023.

Benjamin Powell-Frederiksen
Chairman of the meeting

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 %.

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Management's statement

Today, the Board of Directors and the Executive Board have approved the annual report of Kollektiv Sports ApS for the financial year 1 January - 31 December 2022.

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 2022 and of the results of the Company's operations for the financial year 1 January – 31 December 2022.

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.

Bryrup, 14 June 2023

Executive board

Helle Houmann Powell-
Frederiksen

Benjamin Powell-Frederiksen

Board of directors

Benjamin Powell-Frederiksen

Andreas Green Rasmussen

Kerstin Mogull

Independent auditor's report

To the Shareholders of Kollektiv Sports ApS

Opinion

We have audited the financial statements of Kollektiv Sports ApS for the financial year 1 January - 31 December 2022, 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, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022, and of the results of the Company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

Without it affecting our conclusion, it can be stated that the company has lost its share-capital. We refer to note 1, where the company's management has accounted for the company's financial conditions. On that basis, we agree that the annual report has been presented on the assumption of going concern.

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.

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 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.

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 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, 14 June 2023

Grant Thornton

State Authorised Public Accountants
Company reg. no. 34 20 99 36

Steen K. Bager

State Authorised Public Accountant
mne28679

Company information

The company

Kollektiv Sports ApS
Skolevej 2
8654 Bryrup

E mail ben@ourkollektiv.com

Company reg. no. 41 15 68 05

Financial year: 1 January - 31 December

Board of directors

Benjamin Powell-Frederiksen
Andreas Green Rasmussen
Kerstin Mogull

Executive board

Helle Houmann Powell-Frederiksen
Benjamin Powell-Frederiksen

Auditors

Grant Thornton, Statsautoriseret Revisionspartnerselskab
Stockholmsgade 45
2100 København Ø

Management's review

The principal activities of the company

Like previous years, the principal activities are online educational and fitness services targeted towards the global end-consumer, with a specific focus on consumers who participates in the sports of Triathlon, Running, Cycling and Swimming. These services range from remote personalized training, educational content production, and delivery, as well as specialist customer service on a range of topics related to health, wellness, and nutrition with context to the related sports.

Development in activities and financial matters

2022 was a year of continued extensive product development, we positioned our business and product suite towards being a platform that can service both B2B and B2C clients. We successfully expanded the product suite with an additional mobile product for the B2B clients to service their customer base and we continued to pursue close collaboration with our pre-release/pilot customer base.

Expected developments

Our expectations for 2023 are to further our investment into product development, securing our first B2B clients and expanding our B2C customer base exponentially. Additionally we intend to strengthen the management team by hiring an experienced CTO and we also intend to obtain additional investment. The management expects increase in sales growth.

The company has in 2023 entered loan agreements with shareholders and external party. The company will ensure that the necessary liquidity is available for the company in 2023.

Income statement 1 January - 31 December

Amounts concerning 2022: DKK.

Amounts concerning 2021: DKK thousand.

<u>Note</u>	<u>2022</u>	<u>2021</u>
Gross profit	-5.097.654	-3.785
2 Staff costs	-1.093.126	-1.026
Operating profit	-6.190.780	-4.811
Other financial income	12.359	0
Other financial expenses	-306.641	-94
Pre-tax net profit or loss	-6.485.062	-4.905
Tax on net profit or loss for the year	0	0
Net profit or loss for the year	-6.485.062	-4.905
Proposed distribution of net profit:		
Allocated from retained earnings	-6.485.062	-4.905
Total allocations and transfers	-6.485.062	-4.905

Balance sheet at 31 December

Amounts concerning 2022: DKK.

Amounts concerning 2021: DKK thousand.

Assets		
<u>Note</u>	<u>2022</u>	<u>2021</u>
Current assets		
Manufactured goods and goods for resale	80.802	81
Total inventories	80.802	81
Other receivables	175.049	41
Total receivables	175.049	41
Cash and cash equivalents	1.039.823	736
Total current assets	1.295.674	858
Total assets	1.295.674	858

Balance sheet at 31 December

Amounts concerning 2022: DKK.

Amounts concerning 2021: DKK thousand.

Equity and liabilities		<u>2022</u>	<u>2021</u>
<u>Note</u>			
Equity			
Contributed capital		55.216	45
Retained earnings		-3.807.559	-2.847
Total equity		<u>-3.752.343</u>	<u>-2.802</u>
Liabilities other than provisions			
Bank loans		4.887.594	1.661
Total long term liabilities other than provisions		<u>4.887.594</u>	<u>1.661</u>
Trade payables		36.259	117
Payables to subsidiaries		1.095	1
Other payables		123.069	1.881
Total short term liabilities other than provisions		<u>160.423</u>	<u>1.999</u>
Total liabilities other than provisions		<u>5.048.017</u>	<u>3.660</u>
Total equity and liabilities		<u>1.295.674</u>	<u>858</u>

1 Loss of capital and liquidity**3 Contingencies**

Statement of changes in equity

All amounts in DKK.

	<u>Contributed capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity 1 January 2022	45.477	-2.847.051	-2.801.574
Cash capital increase	9.739	5.522.562	5.532.301
Retained earnings for the year	0	-6.483.071	-6.483.071
	<u>55.216</u>	<u>-3.807.560</u>	<u>-3.752.344</u>

Notes

Amounts concerning 2022: DKK.

Amounts concerning 2021: DKK thousand.

1. Loss of capital and liquidity

During the financial year, the company has lost its share-capital as a result of the planned development activities, which is in line with the company's strategy and budget.

Our expectations for 2023 are to further our investment into product development, securing our first B2B clients and expanding our B2C customer base exponentially, additionally we intend to strengthen the management team by hiring an experienced CTO and we also intend to obtain additional investment. The management expects an increased sales growth.

The company has in 2023 entered loan agreements with shareholders and external party. The company will ensure that the necessary liquidity is available for the company in 2023.

Based on the above, the management has presented the annual report under the going concern assumption.

2. Staff costs

Salaries and wages	1.077.030	1.011
Other costs for social security	16.096	15
	<u>1.093.126</u>	<u>1.026</u>
 Average number of employees	 <u>2</u>	 <u>2</u>

3. Contingencies

Joint taxation

With Hbpf Holding ApS, company reg. no 41820934 as administration company, the company is subject to the Danish scheme of joint taxation and is proportionally liable for tax claims within the joint taxation scheme.

The liabilities amount to a maximum amount corresponding to the share of the company capital, which is owned directly or indirectly by the ultimate parent 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 Kollektiv Sports 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.

Income statement

Gross loss

Gross loss comprises the revenue, changes in inventories of finished goods, and work in progress, work performed for own account and capitalised, other operating income, and external costs.

Other external expenses comprise expenses incurred for sales, advertising, administration, premises, loss on receivables.

Staff costs

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

Research and development costs

Research costs are recognised in the income statement in the year incurred. Clearly defined and identifiable development projects are recognised as intangible assets provided that they are proven to be technically practicable, that sufficient resources and a potential market or development opportunity exist, and insofar as the intention is to produce, market or utilise the project. Furthermore, there must be a proven correlation between the costs incurred and future earnings. However, lack of official approvals, customer approvals, and other uncertainties will often imply that the requirements for recognition as assets are not met and that development costs are charged to the income statement as incurred.

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.

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).

Accounting policies

Statement of financial position

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.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

Costs of manufactured goods and work in progress comprise the cost of raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance and depreciation of machinery, factory buildings, and equipment used in the production process, and costs for factory administration and factory management. Borrowing expenses are not recognised in cost.

The net realisable value for inventories is recognised as the estimated selling price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

Receivables

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

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 and on hand.

Income tax and deferred tax

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.

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"

Accounting policies

According to the rules of joint taxation, Kollektiv Sports ApS is proportionally 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 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.

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Helle Houmann Powell-Frederiksen

Direktionsmedlem

På vegne af: Kollektiv Sports ApS

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Benjamin Powell-Frederiksen

Direktionsmedlem

På vegne af: Kollektiv Sports ApS

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Benjamin Powell-Frederiksen

Bestyrelsesmedlem

På vegne af: Kollektiv Sports ApS

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Andreas Green Rasmussen

Bestyrelsesmedlem

På vegne af: Kollektiv Sports ApS

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KERSTIN MOGULL

Bestyrelsesmedlem

På vegne af: Kollektiv Sport aps

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Steen K. Bager

Statsautoriseret revisor

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Benjamin Powell-Frederiksen

Dirigent

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