

## **Exerp Holdings ApS**

Amaliegade 3, 4.  
1256 København K  
CVR No. 42370738

### **Annual report 2023**

The Annual General Meeting adopted the annual report on 05.07.2024

---

**Randy Edward Eckels**

Chairman of the General Meeting

# Contents

Entity details	2
Statement by Management on the annual report	3
Independent auditor's report	4
Management commentary	7
Consolidated income statement for 2023	9
Consolidated balance sheet at 31.12.2023	10
Consolidated statement of changes in equity for 2023	12
Consolidated cash flow statement for 2023	13
Notes to consolidated financial statements	14
Parent income statement for 2023	18
Parent balance sheet at 31.12.2023	19
Parent statement of changes in equity for 2023	21
Notes to parent financial statements	22
Accounting policies	23

# Entity details

## Entity

Exerp Holdings ApS

Amaliegade 3, 4.

1256 København K

Business Registration No.: 42370738

Date of foundation: 07.05.2021

Registered office: København

Financial year: 01.01.2023 - 31.12.2023

## Executive Board

Randy Edward Eckels

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

# Statement by Management on the annual report

The Executive Board has today considered and approved the annual report of Exerp Holdings ApS for the financial year 01.01.2023 - 31.12.2023.

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

In my opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2023 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2023 - 31.12.2023.

I believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

I recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 05.07.2024

**Executive Board**

**Randy Edward Eckels**

# Independent auditor's report

## To the shareholder of Exerp Holdings ApS

### Opinion

We have audited the consolidated financial statements and the parent financial statements of Exerp Holdings ApS for the financial year 01.01.2023 - 31.12.2023, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2023 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2023 - 31.12.2023 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group 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 consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and parent financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent 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 Group's and the Entity'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 consolidated financial statements and the parent 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 Group's and the Entity'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 consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 the management commentary**

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required by relevant law and regulations.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Copenhagen, 05.07.2024

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

**Flemming Larsen**

State Authorised Public Accountant  
Identification No (MNE) mne27790

# Management commentary

## Financial highlights

	2023	2022	2021
	DKK'000	DKK'000	DKK'000
<b>Key figures</b>			
Gross profit/loss	82,294	81,727	39,104
Operating profit/loss	(6,010)	(12,696)	(15,526)
Net financials	2,340	(810)	(234)
Profit/loss for the year	(3,141)	(18,701)	(14,408)
Balance sheet total	291,448	274,118	297,249
Investments in property, plant and equipment	111	359	301
Equity	(36,224)	(33,083)	(14,304)
Cash flows from operating activities	(14,624)	20,623	(21,264)
Cash flows from investing activities	(701)	(370)	(244,156)
<b>Ratios</b>			
Equity ratio (%)	(12.43)	(12.07)	(4.81)

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

### Equity ratio (%):

Equity \* 100

Balance sheet total



### Primary activities

The company's purpose is, directly or through equity participation in other companies to operate in the development, commercialisation and delivery of software and digital solutions as well as other activities deemed by the directors as related activities.

### Development in activities and finances

Exerp ApS has consolidated the excellent growth of 2022 by providing for a further 3% increase in Revenue in 2023. Headcounts restraints impacted One-Time-Revenue, leading to a 6,5% reduction in this revenue stream. We continue to roll out developments on our software and provide high-end consultancy and development of our Software. Recurring Revenue continues to improve be driven by our clients growing through net new clubs and increased membership, providing for a 9% improvement in revenue over last year.

In 2023, the Exerp Team turning their efforts to improved cost management, which has meant that the increase in Operating profit is greater than the Gross Revenue increase (2023 8,359 million DKK against 2022 1,487 million DKK). This has led to the turnaround in profits from 2021 to 2022, which has continued apace providing for a 462% increase in the Operating profit. This profit has fed down to the 2023 profit, which has shown a turnaround from the losses in 2022. (2023 2,2 million DKK against 2022 6,913 million DKK).

The parent balance sheet of Exerp Holdings ApS as of 31 december 2023 maintains an equity of (0,5) million DKK. Whilst the Current Asset have increased to 275 million DKK. This Intra-group activity has also driven Current Liabilities and other provisions up to 305,3 million DKK.

The parent company has cumulatively lost more than 50% of the company's capital and is subject to the rules of the Companies Act on capital loss. Management expects the company's capital to be restored through future earnings and through dividends from its subsidiary.

### Profit/loss for the year in relation to expected developments

The profit for the year is in line with expectations.

### Uncertainty relating to recognition and measurement

The company acquired in May 2021 100% of the shares in the Exerp Group for a consideration of DKK 271M.

As no active market exists for the assets and liabilities acquired, especially in regard to intangible assets, management has estimated the fair value of the fair market value recognised in the consolidated financial statements, ref. note 5. The methods applied are based on present value of future cash flows calculated based on client contracts and other expected cash flows related to the assets. Trade receivables has been recognized at the contractual amounts and no adjustments has been required.

As the fair market value is based on complex assumptions and future projections of expected cash-flow there may exist uncertainties in measurement of fair values of asset as the future may not develop as expected.

### Outlook

During the second half 2024 we are rolling out some major developments of our software, although this will have a minimal impact on that year, it will allow for continued internal growth in future years as the new software is fully rolled out to our customer base. This, along with the expected growth in our customer clubs will maintain a strong double digit increase in Revenues subsequent a like improvement in Operative profits.

# Consolidated income statement for 2023

	Notes	2023 DKK	2022 DKK
<b>Gross profit/loss</b>		<b>82,294,173</b>	<b>81,727,380</b>
Staff costs	1	(46,424,507)	(52,514,429)
Depreciation, amortisation and impairment losses	2	(41,879,929)	(41,909,183)
<b>Operating profit/loss</b>		<b>(6,010,263)</b>	<b>(12,696,232)</b>
Other financial income from group enterprises		2,639,624	0
Other financial income		1,500,834	3,239
Other financial expenses		(1,800,177)	(813,515)
<b>Profit/loss before tax</b>		<b>(3,669,982)</b>	<b>(13,506,508)</b>
Tax on profit/loss for the year	3	529,471	(5,194,227)
<b>Profit/loss for the year</b>	4	<b>(3,140,511)</b>	<b>(18,700,735)</b>

# Consolidated balance sheet at 31.12.2023

## Assets

	Notes	2023 DKK	2022 DKK
Completed development projects	6	0	0
Acquired intangible assets		4,248,673	14,445,490
Acquired licences		63,114,703	77,404,825
Acquired trademarks		8,479,777	9,623,118
Goodwill		118,067,017	133,986,166
Development projects in progress	6	623,837	0
<b>Intangible assets</b>	5	<b>194,534,007</b>	<b>235,459,599</b>
Other fixtures and fittings, tools and equipment		339,800	558,688
<b>Property, plant and equipment</b>	7	<b>339,800</b>	<b>558,688</b>
Deposits		129,642	64,446
<b>Financial assets</b>	8	<b>129,642</b>	<b>64,446</b>
<b>Fixed assets</b>		<b>195,003,449</b>	<b>236,082,733</b>
Manufactured goods and goods for resale		40,231	37,792
<b>Inventories</b>		<b>40,231</b>	<b>37,792</b>
Trade receivables		25,826,361	9,117,425
Receivables from group enterprises		55,057,494	0
Other receivables		1,714,841	1,910,011
Prepayments	9	2,925,631	765,454
<b>Receivables</b>		<b>85,524,327</b>	<b>11,792,890</b>
<b>Cash</b>		<b>10,880,232</b>	<b>26,204,513</b>
<b>Current assets</b>		<b>96,444,790</b>	<b>38,035,195</b>
<b>Assets</b>		<b>291,448,239</b>	<b>274,117,928</b>

**Equity and liabilities**

	Notes	2023 DKK	2022 DKK
Contributed capital		40,000	40,000
Retained earnings		(36,263,671)	(33,123,160)
<b>Equity</b>		<b>(36,223,671)</b>	<b>(33,083,160)</b>
Deferred tax	10	17,203,457	22,675,048
<b>Provisions</b>		<b>17,203,457</b>	<b>22,675,048</b>
Other payables	11	5,147,632	4,933,206
<b>Non-current liabilities other than provisions</b>	12	<b>5,147,632</b>	<b>4,933,206</b>
Prepayments received from customers		0	38,375
Trade payables		3,955,249	686,633
Payables to group enterprises		285,951,549	271,371,342
Tax payable		10,689,117	4,759,134
Holiday pay obligation		1,051,625	0
Other payables	13	3,648,311	2,721,238
Deferred income	14	24,970	16,112
<b>Current liabilities other than provisions</b>		<b>305,320,821</b>	<b>279,592,834</b>
<b>Liabilities other than provisions</b>		<b>310,468,453</b>	<b>284,526,040</b>
<b>Equity and liabilities</b>		<b>291,448,239</b>	<b>274,117,928</b>
Group relations	16		
Subsidiaries	17		

# Consolidated statement of changes in equity for 2023

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	40,000	(33,123,160)	(33,083,160)
Profit/loss for the year	0	(3,140,511)	(3,140,511)
<b>Equity end of year</b>	<b>40,000</b>	<b>(36,263,671)</b>	<b>(36,223,671)</b>

# Consolidated cash flow statement for 2023

	Notes	2023 DKK	2022 DKK
Operating profit/loss		(6,010,263)	(12,696,232)
Amortisation, depreciation and impairment losses		41,549,428	41,909,183
Working capital changes	15	(49,534,529)	(3,055,611)
Other adjustments		0	(2)
<b>Cash flow from ordinary operating activities</b>		<b>(13,995,364)</b>	<b>26,157,338</b>
Financial income received		4,140,458	(587,606)
Financial expenses paid		(1,800,177)	(222,670)
Taxes refunded/(paid)		(2,968,621)	(4,724,531)
<b>Cash flows from operating activities</b>		<b>(14,623,704)</b>	<b>20,622,531</b>
Acquisition etc. of intangible assets		(623,837)	0
Investments in fixed assets		(76,740)	(369,854)
<b>Cash flows from investing activities</b>		<b>(700,577)</b>	<b>(369,854)</b>
<b>Free cash flows generated from operations and investments before financing</b>		<b>(15,324,281)</b>	<b>20,252,677</b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>(15,324,281)</b>	<b>20,252,677</b>
Cash and cash equivalents beginning of year		26,204,513	5,951,836
<b>Cash and cash equivalents end of year</b>		<b>10,880,232</b>	<b>26,204,513</b>
Cash and cash equivalents at year-end are composed of:			
Cash		10,880,232	26,204,513
<b>Cash and cash equivalents end of year</b>		<b>10,880,232</b>	<b>26,204,513</b>

# Notes to consolidated financial statements

## 1 Staff costs

	<b>2023</b>	<b>2022</b>
	<b>DKK</b>	<b>DKK</b>
Wages and salaries	43,464,669	49,141,265
Pension costs	2,346,732	2,727,290
Other social security costs	613,106	586,365
Other staff costs	0	59,509
	<b>46,424,507</b>	<b>52,514,429</b>
Average number of full-time employees	57	66

## 2 Depreciation, amortisation and impairment losses

	<b>2023</b>	<b>2022</b>
	<b>DKK</b>	<b>DKK</b>
Amortisation of intangible assets	41,549,428	41,549,427
Depreciation on property, plant and equipment	330,501	359,756
	<b>41,879,929</b>	<b>41,909,183</b>

## 3 Tax on profit/loss for the year

	<b>2023</b>	<b>2022</b>
	<b>DKK</b>	<b>DKK</b>
Current tax	7,888,122	11,085,574
Change in deferred tax	(5,012,343)	(5,891,347)
Adjustment concerning previous years	(3,405,250)	0
	<b>(529,471)</b>	<b>5,194,227</b>

## 4 Proposed distribution of profit/loss

	<b>2023</b>	<b>2022</b>
	<b>DKK</b>	<b>DKK</b>
Retained earnings	(3,140,511)	(18,700,735)
	<b>(3,140,511)</b>	<b>(18,700,735)</b>

## 5 Intangible assets

	Completed development projects DKK	Acquired intangible assets DKK	Acquired licences DKK	Acquired trademarks DKK	Goodwill DKK
Cost beginning of year	20,926,000	30,590,448	100,030,851	11,433,408	159,191,485
Additions	0	0	0	0	0
<b>Cost end of year</b>	<b>20,926,000</b>	<b>30,590,448</b>	<b>100,030,851</b>	<b>11,433,408</b>	<b>159,191,485</b>
Amortisation and impairment losses beginning of year	(20,926,000)	(16,144,959)	(22,626,026)	(1,810,290)	(25,205,319)
Amortisation for the year	0	(10,196,816)	(14,290,122)	(1,143,341)	(15,919,149)
<b>Amortisation and impairment losses end of year</b>	<b>(20,926,000)</b>	<b>(26,341,775)</b>	<b>(36,916,148)</b>	<b>(2,953,631)</b>	<b>(41,124,468)</b>
<b>Carrying amount end of year</b>	<b>0</b>	<b>4,248,673</b>	<b>63,114,703</b>	<b>8,479,777</b>	<b>118,067,017</b>

	Development projects in progress DKK
Cost beginning of year	0
Additions	623,837
<b>Cost end of year</b>	<b>623,837</b>
Amortisation and impairment losses beginning of year	0
Amortisation for the year	0
<b>Amortisation and impairment losses end of year</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>623,837</b>

## 6 Development projects

The development project relates to an improvement of features on Exerp Wen, which is intended to simplify the process of obtaining new leads and paves the way for an enhanced user experience and increased efficiency.



## 7 Property, plant and equipment

	<b>Other fixtures and fittings, tools and equipment DKK</b>
Cost beginning of year	920,324
Additions	111,341
<b>Cost end of year</b>	<b>1,031,665</b>
Depreciation and impairment losses beginning of year	(361,364)
Depreciation for the year	(330,501)
<b>Depreciation and impairment losses end of year</b>	<b>(691,865)</b>
<b>Carrying amount end of year</b>	<b>339,800</b>

## 8 Financial assets

	<b>Deposits DKK</b>
Cost beginning of year	64,446
Additions	65,196
<b>Cost end of year</b>	<b>129,642</b>
<b>Carrying amount end of year</b>	<b>129,642</b>

## 9 Prepayments

Prepayments comprise prepaid expenses regarding rent, insurance premiums, subscriptions and interest relating to the financial year 2023.

## 10 Deferred tax

	<b>2022 DKK</b>
Intangible assets	16,685,493
Property, plant and equipment	(119,467)
Other deductible temporary differences	637,431
<b>Deferred tax</b>	<b>17,203,457</b>

	<b>2023 DKK</b>	<b>2022 DKK</b>
<b>Changes during the year</b>		
Beginning of year	22,675,048	28,254,994
Recognised in the income statement	(5,471,591)	(5,579,946)
<b>End of year</b>	<b>17,203,457</b>	<b>22,675,048</b>

**11 Other payables**

	<b>2023</b>	<b>2022</b>
	<b>DKK</b>	<b>DKK</b>
Holiday pay obligation	5,147,632	4,933,206
	<b>5,147,632</b>	<b>4,933,206</b>

**12 Non-current liabilities other than provisions**

	<b>Due after more than 12 months 2023 DKK</b>
Other payables	5,147,632
	<b>5,147,632</b>

**13 Other payables**

	<b>2023</b>	<b>2022</b>
	<b>DKK</b>	<b>DKK</b>
VAT and duties	434,496	0
Wages and salaries, personal income taxes, social security costs, etc. payable	5,129,343	31,063
Other costs payable	(1,915,528)	2,690,175
	<b>3,648,311</b>	<b>2,721,238</b>

**14 Deferred income**

Deferred income comprises non-recognised revenue from service contracts.

**15 Changes in working capital**

	<b>2023</b>	<b>2022</b>
	<b>DKK</b>	<b>DKK</b>
Increase/decrease in receivables	(73,731,437)	(1,841,047)
Increase/decrease in trade payables etc.	24,196,908	(1,214,564)
	<b>(49,534,529)</b>	<b>(3,055,611)</b>

**16 Group relations**

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

Clubessential Holdings, LLC  
4600 McAuley Place, Suite 350  
Cincinnati, OH 45242

**17 Subsidiaries**

	<b>Corporate form</b>	<b>Ownership %</b>
Exerp ApS	ApS	100.00

# Parent income statement for 2023

	Notes	2023 DKK	2022 DKK
<b>Gross profit/loss</b>		<b>(419,000)</b>	<b>(157,000)</b>
Other financial expenses		(36,677)	0
<b>Profit/loss before tax</b>		<b>(455,677)</b>	<b>(157,000)</b>
Tax on profit/loss for the year	2	92,180	34,540
<b>Profit/loss for the year</b>	3	<b>(363,497)</b>	<b>(122,460)</b>

# Parent balance sheet at 31.12.2023

## Assets

	Notes	2023 DKK	2022 DKK
Investments in group enterprises		271,371,342	271,371,342
<b>Financial assets</b>	4	<b>271,371,342</b>	<b>271,371,342</b>
<b>Fixed assets</b>		<b>271,371,342</b>	<b>271,371,342</b>
Receivables from group enterprises		3,527,354	0
Other receivables		40,000	40,000
Joint taxation contribution receivable		92,180	56,540
<b>Receivables</b>		<b>3,659,534</b>	<b>96,540</b>
<b>Current assets</b>		<b>3,659,534</b>	<b>96,540</b>
<b>Assets</b>		<b>275,030,876</b>	<b>271,467,882</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2023 DKK</b>	<b>2022 DKK</b>
Contributed capital		40,000	40,000
Retained earnings		(563,957)	(200,460)
<b>Equity</b>		<b>(523,957)</b>	<b>(160,460)</b>
Trade payables		266,000	157,000
Payables to group enterprises		271,471,342	271,471,342
Tax payable		3,817,491	0
<b>Current liabilities other than provisions</b>		<b>275,554,833</b>	<b>271,628,342</b>
<b>Liabilities other than provisions</b>		<b>275,554,833</b>	<b>271,628,342</b>
<b>Equity and liabilities</b>		<b>275,030,876</b>	<b>271,467,882</b>
Going concern	1		
Contingent liabilities	5		
Related parties with controlling interest	6		

# Parent statement of changes in equity for 2023

	<b>Contributed capital DKK</b>	<b>Retained earnings DKK</b>	<b>Total DKK</b>
Equity beginning of year	40,000	(200,460)	(160,460)
Profit/loss for the year	0	(363,497)	(363,497)
<b>Equity end of year</b>	<b>40,000</b>	<b>(563,957)</b>	<b>(523,957)</b>

# Notes to parent financial statements

## 1 Going concern

The parent company has cumulatively lost more than 50% of the company's capital and is subject to the rules of the Companies Act on capital loss. Management expects the company's capital to be restored through future earnings and through dividends from its subsidiary.

## 2 Tax on profit/loss for the year

	2023 DKK	2022 DKK
Current tax	(92,180)	(34,540)
	<b>(92,180)</b>	<b>(34,540)</b>

## 3 Proposed distribution of profit and loss

	2023 DKK	2022 DKK
Retained earnings	(363,497)	(122,460)
	<b>(363,497)</b>	<b>(122,460)</b>

## 4 Financial assets

	Investments in group enterprises DKK
Cost beginning of year	271,371,342
<b>Cost end of year</b>	<b>271,371,342</b>
<b>Carrying amount end of year</b>	<b>271,371,342</b>

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

## 5 Contingent liabilities

The Entity serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

## 6 Related parties with controlling interest

Clubessential Holdings, LLC  
4600 McAuley Place, Suite 350  
Cincinnati, OH 45242

owns all shares in the Entity, thus exercising control.

# Accounting policies

## Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

## Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

## Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

## Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.



## **Income statement**

### **Gross profit or loss**

Gross profit or loss comprises revenue, other operating income, cost of raw materials and consumables and external expenses.

### **Revenue**

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

### **Other operating income**

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including profit from the sale of intangible assets and property, plant and equipment, and salary refunds .

### **Cost of sales**

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for normal inventory writedowns.

### **Other external expenses**

Other external expenses include expenses relating to the Entity's ordinary activities, including to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc. This item also includes writedowns of receivables recognised in current assets.

### **Staff costs**

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

### **Depreciation, amortisation and impairment losses**

Depreciation, amortisation and impairment losses relating to plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and plant and equipment.

### **Other financial income from group enterprises**

Other financial income from group enterprises comprises interest income etc. on receivables from group enterprises.

### **Other financial income**

Other financial income comprises interest income, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

### **Other financial expenses**

Other financial expenses comprise interest expenses, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

### **Tax on profit/loss for the year**

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

## Balance sheet

### Goodwill

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area.

Goodwill is written down to the lower of recoverable amount and carrying amount.

### Intellectual property rights etc.

Intellectual property rights etc comprise development projects completed with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity in the reserve for development costs that is reduced as the development projects are amortised and written down.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised on a straight-line basis over the term of the agreement.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

### Property, plant and equipment

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

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

	<b>Useful life</b>
Other fixtures and fittings, tools and equipment	3-8 years

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

### Investments in group enterprises

Investments in group enterprises are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

### Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

### **Receivables**

Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

### **Joint taxation contributions payable or receivable**

Current joint taxation contributions payable or receivable are recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

### **Prepayments**

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

### **Cash**

Cash comprises cash in hand and bank deposits.

### **Deferred tax**

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

### **Other financial liabilities**

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

### **Prepayments received from customers**

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

### **Tax payable or receivable**

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

### **Deferred income**

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

### **Cash flow statement**

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes, and financial income, financial

expenses and income tax paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and including lease liabilities.

Cash and cash equivalents comprise cash.