

Registered number: 13059108

**MUSCLES UK HOLDINGS LIMITED**

**ANNUAL REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2022**



**MUSCLES UK HOLDINGS LIMITED**

**COMPANY INFORMATION**

<b>Directors</b>	M Figgner (Appointed 30 March 2023) A J Davis (Appointed 30 March 2023) R W Bostock (Resigned 31 March 2023) J Heilmann (Resigned 31 March 2023)
<b>Company secretary</b>	Intertrust (UK) Limited
<b>Registered number</b>	13059108
<b>Registered office</b>	Investcorp House 48 Grosvenor Street London United Kingdom W1K 3HW
<b>Independent auditor</b>	Cooper Parry Group Limited Sky View Argosy Road East Midlands Airport Castle Donington Derby DE74 2SA
<b>Bankers</b>	National Westminster Bank Plc Piccadilly & New Bond Street (A) Branch 63 – 65 Piccadilly London W1J 0AJ

**MUSCLES UK HOLDINGS LIMITED**

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**MUSCLES UK HOLDINGS LIMITED**  
**GROUP STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

The directors present their strategic report on the group for the year ended 31 December 2022.

**Principal activities and review of the business**

On 3 December 2020, Muscles UK Holdings Limited was incorporated.

On 10 December 2020, Muscles UK Holdings Limited, acquired 95% of the issued share capital of Sonas HoldCo ApS ("Sonas Group"). The group operates within biotechnology, clinic drug development and other related markets.

The turnover for the group for the year was DKK 266 million (2021: DKK 204 million), with a net loss of DKK 94 million (2021: DKK 159 million). The group has a strong balance sheet and is in a net asset position. The directors are pleased with the performance of the group.

**Section 172 (1) Statement**

The directors have acted in the way they consider, in good faith, promotes the success of the group for the benefit of its members as a whole, and in doing so have given regard to (amongst other matters):

**Business Relationships**

The group acknowledges its responsibility for adverse impacts on the key principles for sustainable development throughout its value chains. To best meet this responsibility the group expects from all business relationships that they also meet the minimum standard for responsible business conduct. They commit to ask all business relationships to meet the global minimum standard over time and will seek to collaborate and share good practices with key relationships. Meeting that expectation includes that the group raises similar expectations.

**Our People**

The group is committed to being a responsible business. Our behaviour is aligned with the expectations of our people, customers, shareholders, communities, and society as a whole. People are at the heart of delivering quality services both internally and externally. For our business to continue to succeed we continually manage our people's performance and develop and bring through talent while ensuring we operate as efficiently as possible.

**Community, Charity and Environment**

The group has a strong commitment to the communities where we are located, to collaborate in the development of the territories close to all the group companies. In this respect, we strive to maintain a good long-term relationship with the people of each territory, and to be respectful of their rights, culture, and traditions.

**Culture and Values**

The group endeavours to maintain the highest levels of confidentiality and good business ethics at all times. We employ fair and honest methodologies and ensure that our staff are aware of and comply with all relevant legislation, statutory codes and internal quality systems.

**Shareholders**

The management is committed and openly engaged with our shareholders. The shareholders and their representatives are actively engaged in understanding our strategy, culture, people and the performance of our shared objectives for the short, mid and longer terms.

**Future developments**

The group is unaffected by the impact of the Russian military invasion of Ukraine.

**MUSCLES UK HOLDINGS LIMITED**  
**GROUP STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**Principal risk and uncertainties**

The key financial risks are identified, monitored and actively managed by the group:

- 1) Risk in respect of product and technological development of product offerings;
- 2) Commercial risk;
- 3) Loss of key employees;
- 4) Credit risk; and
- 5) Liquidity risk.

**Financial risk management objectives and policies**

Price risk

The group's business may be affected by fluctuations in prices in terms of being able to obtain products to sell. The group employs policies and practices to mitigate these risks where possible.

Credit risk

Credit risk applies to financial instruments such as trade debtors. Policies and procedures exist to ensure the management of trade debtors minimises as far as is reasonably practicable the group's exposure to credit risk.

Liquidity risk

The group monitors cash flow as part of its day-to-day control procedures and is achieving this through credit lines and bank loans.

Cash flow risk

The group's policy is to ensure that it always has sufficient cash to allow it to meet its liabilities when they become due. The risk is mitigated through budgeting and forecasting and a regular review of cash requirements.

**Key performance indicators**

The key performance indicators of the business are revenue, gross profit, operating profit and return on investments.

**Outlook for 2023**

The group is expected to meet its revenue and profitability targets for 2023. As of the 30<sup>th</sup> of June 2023, the group has generated revenue of DKK 140,021 million, which is a 30% improvement from the prior period. The group has also generated EBITDA of DKK 39,338 million, which has exceeded the budget by DKK 3,722 million for the year.

**Impact of Ukraine**

The Group does not operate in the Ukraine, however there is a remains a level uncertainty over the impact and effects of the ongoing situation which the directors are unable to assess.

This report was approved by the board and signed on its behalf by:

DocuSigned by:

*Andrea Davis*

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**AJ Davis**

Director

Date: 25 September 2023

## **MUSCLES UK HOLDINGS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022**

The directors present their report and the audited financial statements for the year ended 31 December 2022. The prior period comparative is from 3 December 2020 (incorporation) to 31 December 2021.

#### **Strategic report note**

The review of the business, principal risks and uncertainties, financial risk management objectives & policies, engagement with suppliers, customers & others and key performance indications are not shown in the directors' report as they are shown in the strategic report in accordance with S414C (11) of the Companies Act 2006.

#### **Directors' responsibilities statement**

The directors are responsible for preparing the group strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Principal activity**

The group's principal activity is that of biotechnology, clinic drug development and other related activities.

#### **Results and dividends**

The loss for the year after taxation amounted to DKK 94,402,000 (2021: DKK 159,284,000).

No dividends were paid or proposed in the current year. The directors do not recommend the payment of a final dividend.

#### **Going concern**

The directors have prepared forecasts and concluded that the group will continue to trade for a year of at least 12 months from the date of signing these financial statements within the existing funding facilities and as a result the financial statements have been prepared on the going concern basis. See note 1.3 for further details.

**MUSCLES UK HOLDINGS LIMITED**  
**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**Anti Slavery Act 2015**

The products and services delivered by the Group are sourced from a range of suppliers. These supplier relationships are sourced and managed by internal Group operational and management team.

The Group have defined policies on legislation, child labour, conditions of employment, wages and benefits, health and safety and the environment. These policies have recently been updated to include the policy on anti-slavery and zero tolerance of human trafficking.

The Group undertake all reasonable and practical steps to ensure that standards are being implemented throughout its own operational and administrative business, along with that of our suppliers, in addition to local legislation and regulation compliance. Any instances of non-compliance will be assessed on a case by case basis with appropriate remedial action where required.

The Group will only trade with those who fully apply with this policy or are taking verifiable steps towards full compliance. The statement is approved and will be reviewed on a timely basis by the full Board of Directors pursuant to section 54(1) of the modern Slavery Act.

**Employee engagement**

Employees are involved on a regular basis in discussions related to their specific interests and staff are encouraged to take an active interest in all aspects of the group's performance. The group seeks to train and develop all staff to continually improve product developments and customer service

**Disabled employees**

The group is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Particular attention is given to the training and promoting of disabled employees to ensure that their career development is not unfairly restricted by their disability, or perceptions of it.

The group's HR procedure makes it clear that full and fair consideration must be given to applications made by and the promotion of disabled persons. Where an employee becomes disabled whilst employed by the group, the HR procedure also requires that reasonable effort is made to ensure they have the opportunity for continued employment within the group. Retraining of employees who become disabled whilst employed by the group is offered where appropriate.

**Political and charitable donations**

The group has not made any donations to any political party or charitable organisation in the current year.

**Post balance sheet events**

There have been no significant events affecting the group.

**Future developments**

The group's primary strategy is to grow revenue and profitability, focussing on margin improvement and cost savings. The group plans to remain focused on core design strengths and commitment to innovation.

**Directors**

The directors who served during the year and to the date of approval of the financial statements were:

A J Davis – Appointed 30 March 2023  
M Figgner – Appointed 30 March 2023  
R W Bostock – Resigned 31 March 2023  
J Heilmann – Resigned 31 March 2023

**MUSCLES UK HOLDINGS LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**Streamlined Energy Carbon Reporting (SECR)**

The group is considered a low energy user given that the UK carbon usage is below the de minimis threshold of 40,000 Kwh and as such, is exempt from reporting under the SECR regulations.

**Directors' indemnities**

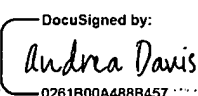
The group has granted the directors with qualifying third-party indemnity provisions within the meaning given to the term by sections 234 and 235 of the Companies Act 2006. This is in respect of liabilities to which they may become liable in their capacity as director of the company and of any company within the group. Such indemnities were in force throughout the financial year and will remain in force.

**Disclosure of information to auditor**

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board and signed on its behalf by:

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**AJ Davis**  
Director

Date: 25 September 2023



**MUSCLES UK HOLDINGS LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MUSCLES UK HOLDINGS LIMITED**

**Opinion**

We have audited the financial statements of Muscles UK Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022, which comprise the consolidated Statement of Comprehensive Income, the consolidated Balance Sheet, the company Balance Sheet, the consolidated Statement of Changes in Equity, the company Statement of Changes in Equity, the consolidated Statement of Cash Flows, the consolidated Statement of Net Debt and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, 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.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a year of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**MUSCLES UK HOLDINGS LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MUSCLES UK HOLDINGS LIMITED  
(CONTINUED)**

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the group strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the group strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the group strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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, the directors are responsible for assessing the group's and the parent 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 the directors either intend to liquidate the company or to cease operations, or have 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 (UK) 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our assessment focused on key laws and regulations the company has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practise and relevant tax legislation.

**MUSCLES UK HOLDINGS LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MUSCLES UK HOLDINGS LIMITED  
(CONTINUED)**

We are not responsible for preventing irregularities. Our approach to detecting irregularities included, but was not limited to, the following;

- the senior statutory auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- designing our audit procedures to respond to our risk assessment;
- obtaining an understanding of the legal and regulatory framework applicable to the entity and how the entity is complying with that framework;
- obtaining an understanding of the entity's policies and procedures and how the entity has complied with these, through discussions and sample testing of controls;
- obtaining an understanding of the entity's risk assessment process, including the risk of fraud;
- performed analytical procedures to identify any unusual or unexpected transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 2 were indicative of potential bias;
- performing audit testing over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness and evaluating the business rationale of significant transactions outside the normal course of business.

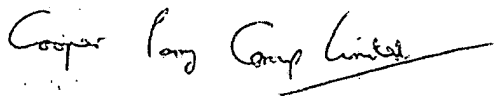
Whilst considering how our audit work addressed the detection of irregularities, we also consider the likelihood of detection based on our approach. Irregularities arising from fraud are inherently more difficult to detect than those arising from error.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Melanie Hopwell (Senior Statutory Auditor)

for and on behalf of  
**Cooper Parry Group Limited**

Sky View  
Argosy Road  
East Midlands Airport  
Castle Donington  
Derby  
DE74 2SA

Date: 25 September 2023

## MUSCLES UK HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	Year ended 31 December 2022 DKK '000	Period ended 31 December 2021 DKK '000
Revenue	3	266,045	203,576
Cost of sales		(85,294)	(87,245)
Staff costs	6	(69,624)	(50,525)
Other operating expenses		(36,071)	(33,984)
Other operating income		2,404	-
<b>Operating profit before depreciation and amortisation</b>		<b>77,460</b>	<b>31,822</b>
Depreciation	10	(5,039)	(9,784)
Amortisation of intangible assets and goodwill	9	(61,732)	(84,334)
<b>Operating profit / (loss)</b>	<b>4</b>	<b>10,689</b>	<b>(62,296)</b>
Interest income and similar income		1,437	524
Interest payable and similar charges	7	(86,261)	(92,619)
<b>Loss before taxation</b>		<b>(74,135)</b>	<b>(154,391)</b>
Taxation	8	(20,267)	(4,893)
<b>Total loss for the year/period</b>		<b>(94,402)</b>	<b>(159,284)</b>
<b>Total loss for the year/period attributable to:</b>			
Owner's of the parent company		(93,408)	(155,561)
Non-controlling interest		(994)	(3,723)
		<b>(94,402)</b>	<b>(159,284)</b>

All amounts relate to continuing activities.

There are no recognised gains or losses in the current year (2021: DKK Nil) other than those included in the Consolidated Statement of Comprehensive Income.

The notes on pages 16 to 30 form part of these financial statements.

**MUSCLES UK HOLDINGS LIMITED**  
**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2022**

	Note	2022 DKK '000	2021 DKK '000
<b>Non-current assets</b>			
Goodwill	9	714,749	776,410
Intangible assets	9	197	268
Tangible fixed assets	10	41,426	44,095
Investments	11	1,932	2,923
		<b>758,304</b>	<b>823,696</b>
<b>Current assets</b>			
Debtors	12	90,084	78,892
Cash at bank and in hand		128,462	65,639
		<b>218,546</b>	<b>144,531</b>
<b>Creditors: amounts falling due within one year</b>	13	(259,395)	(151,017)
<b>Net current liabilities</b>		<b>(40,849)</b>	<b>(6,486)</b>
<b>Total assets less current liabilities</b>		<b>717,455</b>	<b>817,210</b>
<b>Creditors: amounts falling due after more than one year</b>	14	(230,011)	(237,784)
<b>Net assets</b>		<b>487,444</b>	<b>579,426</b>
<b>Capital and reserves</b>			
Share capital	16, 19	103,640	688,278
Share premium	19	586,580	1,492
Profit and loss account	19	(248,969)	(155,561)
<b>Equity attributable to owners of the parent</b>		<b>441,251</b>	<b>534,659</b>
Non-controlling interest	19	46,193	44,767
<b>Total equity</b>		<b>487,444</b>	<b>579,426</b>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

DocuSigned by:  
  
 0261B00A488B457...  
**AJ Davis**  
 Director

Date: 25 September 2023

The notes on pages 16 to 30 form part of these financial statements.

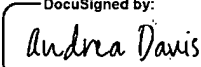
## MUSCLES UK HOLDINGS LIMITED

COMPANY BALANCE SHEET  
AS AT 31 DECEMBER 2022

	Note	2022 DKK '000	2021 DKK '000
<b>Non-current assets</b>			
Investments in subsidiaries	11	688,728	688,728
		<b>688,728</b>	<b>688,728</b>
<b>Current assets</b>			
Debtors	12	146,114	75,194
Cash at bank and in hand		734	1,411
		<b>146,848</b>	<b>76,605</b>
<b>Creditors: amounts due within one year</b>		(146,749)	(75,584)
	13		
<b>Net current assets / (liabilities)</b>		<b>99</b>	<b>(1,021)</b>
<b>Net assets</b>		<b>688,827</b>	<b>689,749</b>
<b>Capital and reserves</b>			
Share capital	16, 19	103,640	688,728
Share premium	19	586,580	1,492
Profit and loss account	19	(1,393)	(471)
<b>Shareholders' funds</b>		<b>688,827</b>	<b>689,749</b>

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The loss after tax of the parent company for the year was DKK 922,000 (2021: DKK 471,000).

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

DocuSigned by:  
  
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**AJ Davis**  
 Director

Date: 25 September 2023

The notes on pages 16 to 30 form part of these financial statements.

**MUSCLES UK HOLDINGS LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

	Share capital DKK '000	Share premium DKK '000	Profit and loss account DKK '000	Equity attributable to owners of parent company DKK '000	Non- controlling interest DKK'000	Total equity DKK '000
<b>As at 3 December 2020</b>	-	-	-	-	-	-
<b>Transactions with shareholders:</b>						
Share issue	688,728	1,492	-	690,220	-	690,220
Transactions with non-controlling interest	-	-	-	-	14,740	14,740
<b>Total transactions with shareholders</b>	<b>688,728</b>	<b>1,492</b>	<b>-</b>	<b>690,220</b>	<b>14,740</b>	<b>704,960</b>
<b>Other transactions:</b>						
Business combination	-	-	-	-	33,750	33,750
<b>Comprehensive expense for the period:</b>						
Loss for the period	-	-	(155,561)	(155,561)	(3,273)	(159,284)
<b>Total comprehensive expense</b>	<b>-</b>	<b>-</b>	<b>(155,561)</b>	<b>(155,561)</b>	<b>(3,273)</b>	<b>(159,284)</b>
<b>As at 31 December 2021</b>	<b>688,728</b>	<b>1,492</b>	<b>(155,561)</b>	<b>534,659</b>	<b>44,767</b>	<b>579,426</b>
<b>Transactions with shareholders:</b>						
Other equity movements	(585,088)	585,088	-	-	-	-
Transactions with non-controlling interest	-	-	-	-	2,420	2,420
<b>Total transactions with shareholders</b>	<b>(585,088)</b>	<b>585,088</b>	<b>-</b>	<b>-</b>	<b>2,420</b>	<b>2,420</b>
<b>Comprehensive expense for the year:</b>						
Loss for the year	-	-	(93,408)	(93,408)	(994)	(94,402)
<b>Total comprehensive expense</b>	<b>-</b>	<b>-</b>	<b>(93,408)</b>	<b>(93,408)</b>	<b>(994)</b>	<b>(94,402)</b>
<b>At 31 December 2022</b>	<b>103,640</b>	<b>586,580</b>	<b>(248,969)</b>	<b>441,251</b>	<b>46,193</b>	<b>487,444</b>

The notes on pages 16 to 30 form part of these financial statements.

**MUSCLES UK HOLDINGS LIMITED**  
**COMPANY STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

	Share capital DKK'000	Share premium DKK'000	Profit and loss account DKK'000	Total equity DKK'000
<b>At 3 December 2020</b>	-	-	-	-
Loss for the year	-	-	(471)	(471)
Share issue	688,728	1,492	-	690,220
<b>At 31 December 2021</b>	688,728	1,492	(471)	689,749
Loss for the year	-	-	(922)	(922)
Other equity movements	(585,088)	585,088	-	-
<b>At 31 December 2022</b>	103,640	586,580	(1,393)	688,827

The notes on pages 16 to 30 form part of these financial statements.



## MUSCLES UK HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 DKK '000	2021 DKK '000
<b>Cash flows from operating activities</b>			
Loss for the financial year/period		(94,402)	(159,284)
<b>Adjustments for:</b>			
Amortisation of intangible assets	9	71	90
Amortisation of goodwill	9	61,661	84,244
Depreciation of tangible assets	10	5,039	9,784
Interest expense	7	86,261	92,619
Interest income		(1,437)	(524)
Taxation charge	8	20,267	4,893
(Increase) in debtors		(17,665)	(41,425)
Increase in creditors		111,673	104,977
Corporation tax paid		(15,542)	(13,330)
<b>Net cash generated from operating activities</b>		<b>155,926</b>	<b>82,044</b>
<b>Cash flows from investing activities</b>			
Purchase of investments	11	(500)	(1,123)
Sale of investments	11	1,491	-
Purchase of tangible fixed assets	10	(2,370)	(7,290)
Change in intangible fixed assets	10	-	(1,242,486)
Business sale		-	(53,342)
<b>Net cash flow from investing activities</b>		<b>(1,379)</b>	<b>(1,304,241)</b>
<b>Cash flows from financing activities</b>			
Bank loans received		1,508	209,445
Issue of share capital		2,420	688,727
Issue of share premium	16	-	1,492
Repayment of mortgage		(10,828)	(789)
Other movements in borrowings		-	480,272
Finance expense		(86,261)	(91,835)
Finance income		1,437	524
<b>Net cash (used in) / from financing activities</b>		<b>(91,724)</b>	<b>1,287,836</b>
<b>Net increase in cash and cash equivalents</b>		<b>62,823</b>	<b>65,639</b>
Cash and cash equivalents at the start of the year/period		65,639	-
<b>Cash and cash equivalents at the end of year/period</b>		<b>128,462</b>	<b>65,639</b>
<b>Cash and cash equivalents at the end of year/period</b>			
Cash at bank and in hand		<b>128,462</b>	<b>65,639</b>

The notes on pages 16 to 30 form part of these financial statements.

**MUSCLES UK HOLDINGS LIMITED**  
**CONSOLIDATED STATEMENT OF NET DEBT**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

	Opening balance	Cashflows	Closing balance
	DKK'000	DKK'000	DKK'000
Cash at bank	65,639	62,823	128,462
Mortgage loans due within one year	(628)	628	-
Mortgage loans due after one year	(10,200)	10,200	-
Other borrowings due after one year to credit institutions	(210,953)	(1,508)	(212,461)
	<u>(156,142)</u>	<u>72,143</u>	<u>(83,999)</u>

The notes on pages 16 to 30 form part of these financial statements.

**MUSCLES UK HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**1. ACCOUNTING POLICIES**

Muscles UK Holdings Limited is a private company limited by shares, incorporated in England & Wales. The address of its registered office is shown on the company information page and the principal place of business of the group is disclosed in note 12. The principal activity of the group is stated on page 1.

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared on a going concern basis under the historical cost convention unless otherwise specified within those accounting policies and in accordance with Financial Reporting Standard 102 (FRS 102), the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

The financial statements are prepared in Danish Krone (DKK'000) which is the group's presentational and functional currency. The functional currency of the company is Danish Krone (DKK). All the amounts in the financial statements have been rounded to the nearest DKK'000.

*Parent company disclosure exemptions*

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented for the parent company; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

The following principal accounting policies have been applied consistently throughout the year:

**1.2 Basis of consolidation**

The consolidated financial statements present the results of this company and its own subsidiaries ("the group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

Goodwill or the negative difference of the combination is determined by the difference between the market values of the assets acquired and assumed liabilities recorded and the cost of the combination, all referred to the date of acquisition.

Any difference between the fair value of the consideration paid and the carrying amount of the non-controlling interest acquired is recognised directly in equity.

The company has taken the exemption of S.408 of the Companies Act 2006 not to present its individual Statement of Comprehensive Income and related notes that form part of the financial statements.

**MUSCLES UK HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**1. ACCOUNTING POLICIES (CONTINUED)**

**1.3 Going concern**

The group reported a loss for the financial year of DKK 94,402,000 (2021: loss of DKK 159,284,000). At the Balance Sheet date the group had a net asset position and a significant cash balance of DKK 128,462,000 (2021: DKK 65,639,000).

The directors have prepared forecasts and concluded that the group will continue to trade for a period of at least 12 months from the date of signing these financial statements within the existing funding facilities and as a result the financial statements have been prepared on the going concern basis.

**1.4 Foreign currency translation**

On initial recognition, transactions denominated in foreign currencies are translated into the functional currency at the exchange rate ruling at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognized in the Statement of Comprehensive Income within administrative expenses.

Debtors, creditors and other monetary items denominated in foreign currencies are translated in the functional currency at the exchange rates ruling at the end of the reporting period.

The difference between the exchange rate ruling at the end of the reporting period and the exchange rate at the date when the debtors or creditors arose or were recorded in the most recent financial statements is recognised in the Statement of Comprehensive Income within other operating expenses.

Property, plant and equipment and intangible assets, inventories and other non-monetary assets acquired in foreign currencies and measured based on historical cost are translated at the exchange rate at the transaction date.

Subsidiaries within the group whose functional currency is different to the presentational currency, DKK, have been converted using the following procedures:

- The assets and liabilities of its Balance Sheets are converted at the closing exchange rate on the corresponding Balance Sheet date;
- The income and expenses of each of the income items are translated at the accumulated average exchange rate of the period in which they occurred;
- All exchange differences that arise as a result of the foregoing will be recognised as a separate component of equity within the section "Other reserves" and allocated to non-controlling interests as appropriate.

**1.5 Pensions**

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further obligations.

The contributions are recognized as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the company in independently administered funds.

**MUSCLES UK HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**1. ACCOUNTING POLICIES (CONTINUED)**

**1.6 Revenue**

**Revenue from sale of goods**

Revenue from the sale of manufactured goods and goods for resale is recognised in the Statement of Comprehensive Income when delivery is made, and the risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer.

Revenue from contracts concluded on the performance of clinical studies running over several financial years are recognised under the percentage of completion method as the studies progress.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

**1.7 Intangibles**

Intangible assets are measured at cost price, comprising directly and indirectly related expenses, less accumulated impairment losses and amortisation.

Goodwill is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which was assessed by the subsidiary at 10 years. Patents and licenses are measured at the lower of cost less accumulated amortization and the recoverable amount. Patents are amortised over the remaining patent period, and licenses are amortised over the license period.

Expenses relating to the development of products, where the intention is to manufacture and market the products, are recognised in the Balance Sheet when the applicable criteria are fulfilled. In other cases, the expenses are recognised in the Statement of Comprehensive Income. Development expenses are stated in the Balance Sheet at cost price, comprising the direct and indirect costs attributable to the development activities, less accumulated amortisation and impairment.

The group assess whether there are indications of impairment on an annual basis. If indications are identified, the recoverable amount is estimated based on the value in use or fair value less costs to disposal. An impairment loss is recognised if the recoverable amount is less than the carrying amount.

If the value in use is estimated to be higher than the carrying amount, no impairment loss is recognised.

**1.8 Finance income and charges**

The group's finance income and finance expenses include interest income, interest expenses, foreign exchange gains or losses and the net gain or loss on hedging instruments that are recognised in the Consolidated Statement of Comprehensive Income. Interest income or expenses are recognised using the effective interest method.

**1.9 Impairment of tangible fixed assets, intangible fixed assets and goodwill**

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. When there is any indication that an asset may be impaired, the carrying amount value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of as assets (od CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non- Financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

**MUSCLES UK HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**1. ACCOUNTING POLICIES (CONTINUED)**

**1.10 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Security deposits on tangible fixed assets are held in non-current assets.

Repairs and maintenance are charged to the consolidated Statement of Comprehensive Income during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. Land is not depreciated.

The depreciation period is determined on the basis of management's experience in the group's business area, and management believes the following estimates to be the best estimate of the economic lives of the assets:

Buildings	25 – 30 years
Fixtures, fittings, tools and equipment	3 – 5 years
Leasehold improvements	5 – 10 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

At each Balance Sheet date, the group reviews the carrying amounts of its tangible fixed assets to determine whether there is any indication that any items have suffered an impairment loss. If any such indication exists, the recoverable amount of an asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of the asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately in the consolidated Statement of Comprehensive Income.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within other operating expenses in the consolidated Statement of Comprehensive Income.

**1.11 Investment in subsidiaries**

Investments in subsidiaries are initially valued at cost and reviewed annually for signs of impairment. If an impairment loss is identified this is recognised immediately in the Statement of Comprehensive Income and the value of the investment is reduced accordingly.

**1.12 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the group's cash management.

**MUSCLES UK HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**1. ACCOUNTING POLICIES (CONTINUED)**

**1.13 Financial instruments**

The group enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities such as trade and other debtors and creditors, loans from banks and other third parties and loans to related parties.

All financial assets and liabilities are initially measured at transaction price and subsequently measured at amortised cost.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the group would receive for the asset if it were to be sold at the Balance Sheet date.

Preference shares, which result in fixed returns to the holder or are mandatorily redeemable on a specific date are classified as liabilities. The dividends on these preference shares are recognized in the profit and loss account as interest expense.

**1.14 Operating leases**

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease.

**1.15 Finance costs**

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issued costs are initially recognized as a reduction in the proceeds of the associated capital instrument.

**1.16 Current and deferred tax**

The tax charge comprises of current and deferred tax.

Current tax is recognised for the amount of corporation tax payable in respect of the taxable profit for the current year or past reporting periods using the tax rates and laws that have been enacted or subsequently enacted by the reporting date. The income tax charge will also be affected by estimates and judgements made by management on the availability and allocation of tax losses within the group.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

**1.17 Debtors**

Short term debtors are measured at transaction price, less any impairment.

**1.18 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**MUSCLES UK HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**2. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS**

The group makes estimates and assumptions concerning the future. The directors are also required to exercise judgement in the process of applying group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

In preparing these financial statements, the directors have made the following judgements:

**Tangible and intangible assets**

Tangible and intangible assets are tested for impairment to determine if any indicators exist that the assets may have become impaired, and an impairment loss is recognised when indicators exist that difficulties may arise in recovering the net book value through use. Impairment testing requires management to exercise subjective judgement based on the information available within the group and from the market, as well as past experience. Moreover, when a potential impairment is identified, the group determines the amount using valuation techniques considered appropriate. The correct identification of indicators of potential impairment and estimates made to determine the impairment amount depend on factors that may change over time, affecting the assessments and estimates made by management.

**Bad debts**

The allowance for bad debts reflects management's best estimate of the losses that will be incurred on trade debtors. The estimate is based on the losses expected by the group, determined based on past experience with similar receivables, current and past overdue accounts, careful monitoring of credit quality and projections about economic and market conditions.

**Carrying value of investments**

In determining the recoverable amounts, it is necessary to make a series of assumptions to estimate the higher of fair value less costs to sell and the present value of future cash flows. In each case, these assumptions have been made by management reflecting past experience and are consistent with the relevant external sources of information. This evidence is also used to assess the recoverability of investments in subsidiary undertakings in the company.

**Goodwill**

The directors establish a reliable estimate of the useful of goodwill arising on a business combination. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit the useful life and assumptions that market participants would consider in respect of similar businesses.



**MUSCLES UK HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**3. REVENUE**

All revenue relates to principal activities of the group

An analysis of revenue by geographical location is as follows:

	Year ended 31 December 2022 DKK'000	Period ended 31 December 2021 DKK'000
Europe	126,892	104,172
Asia-Pacific	17,865	54,909
North America	121,288	44,495
Rest of World	-	-
	<b>266,045</b>	<b>203,576</b>

**4. OPERATING PROFIT / (LOSS)**

The operating loss is stated after charging/(crediting):

	Year ended 31 December 2022 DKK'000	Period ended 31 December 2021 DKK'000
Depreciation on tangible fixed assets	5,039	9,784
Amortisation of intangible fixed assets	71	90
Amortisation of goodwill	61,661	84,244
Foreign exchange	(168)	(406)
Operating lease rentals	1,305	42

**5. AUDITOR'S REMUNERATION**

	Year ended 31 December 2022 DKK'000	Period ended 31 December 2021 DKK'000
Fees payable to the company's auditor for the audit of the company's annual accounts	678	341
Fees payable to the company's auditor for non-audit services	21	20
<b>Fees payable to the subsidiaries' auditor in respect of:</b>		
Audit of the company's subsidiaries	493	563
Taxation compliance services	-	70
Non-audit services	-	48
	<b>1,192</b>	<b>1,042</b>

**MUSCLES UK HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**6. EMPLOYEES**

Group staff costs were as follows:

	Year ended 31 December 2022 DKK'000	Period ended 31 December 2021 DKK'000
Wages and salaries	69,081	49,962
Social security costs	227	152
Pension costs	316	411
	<b>69,624</b>	<b>50,525</b>

The average monthly number of employees, including the directors, for the group during the year was as follows:

	Year ended 31 December 2022 DKK'000	Period ended 31 December 2021 DKK'000
Management, administration, and scientific operations	120	67

The directors of the company received no remuneration during the period. Their role within the company is deemed to be incidental to their wider role within the group and therefore the company bears no cost in relation to these directors. The directors are also directors of other group companies within which their remuneration is paid.

Key management personnel includes the directors of the parent company and directors of the subsidiary companies. They have the authority and responsibility for planning, directing and controlling the activities of the group. The total compensation paid to key management personnel for services provided to the group was DKK 2,674,241 (2021: DKK 1,950,422).

**7. INTEREST PAYABLE AND SIMILAR CHARGES**

	Year ended 31 December 2022 DKK'000	Period ended 31 December 2021 DKK'000
<b>Interest expenses:</b>		
Interest from banks and credit institutions	15,186	14,846
Preference share dividends	70,919	75,194
	<b>86,105</b>	<b>90,040</b>
<b>Other financial costs:</b>		
Impairment loss on financial assets	156	2,579
	<b>86,261</b>	<b>92,619</b>

**MUSCLES UK HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**8. TAXATION**

	Year ended 31 December 2022 DKK'000	Period ended 31 December 2021 DKK'000
<b>Current tax</b>		
Current tax on losses for the year	8,678	8,094
Prior period adjustment	9,075	-
<b>Total current tax</b>	<b>17,753</b>	<b>8,094</b>
<b>Deferred tax</b>		
Charged to the Statement of Comprehensive Income	1,637	(3,201)
Prior period adjustment	877	-
<b>Total deferred tax</b>	<b>2,514</b>	<b>(3,201)</b>
<b>Total tax</b>	<b>20,267</b>	<b>4,893</b>

**Factors affecting tax charge for the year**

The tax assessed for the year is different to the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	Year ended 31 December 2022 DKK'000	Period ended 31 December 2021 DKK'000
Loss before tax	(74,135)	(154,381)
Loss multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	(14,086)	(29,332)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	-	31,070
Income not taxable for tax purposes	(6,428)	-
Foreign tax	72	(2,209)
Deferred tax adjustments	(56)	(200)
Deferred tax not recognised	231	471
<b>Total tax charge for the year</b>	<b>20,267</b>	<b>4,893</b>

**Factors that may affect future tax charges**

On 3 March 2021, the Chancellor of the Exchequer announced that the corporation tax rate would increase to a maximum of 25% from 1 April 2023. This was substantively enacted on 24 May 2021. Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled, or the asset is realised, based on tax law and the corporation tax rates that have been enacted, or substantively enacted, at the Balance Sheet date. As such, the deferred tax rate applicable at 31 December 2022 is 25% and deferred tax has been re-measured at this rate.

**MUSCLES UK HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**9. INTANGIBLE ASSETS**

<b>Group</b>	<b>Goodwill DKK'000</b>	<b>Patents DKK'000</b>	<b>Total DKK'000</b>
<b>Cost</b>			
At 1 January 2022	860,654	358	861,012
Additions	-	-	-
<b>At 31 December 2022</b>	<b>860,654</b>	<b>358</b>	<b>861,012</b>
<b>Depreciation</b>			
At 1 January 2022	(84,244)	(90)	(84,334)
Amortisation for the period	(61,661)	(71)	(61,732)
<b>At 31 December 2022</b>	<b>(145,905)</b>	<b>(161)</b>	<b>(146,066)</b>
<b>Net book value</b>			
<b>At 31 December 2022</b>	<b>714,749</b>	<b>197</b>	<b>714,946</b>
<b>At 31 December 2021</b>	<b>776,410</b>	<b>268</b>	<b>776,678</b>

The company has no intangible assets or goodwill.

**10. TANGIBLE FIXED ASSETS**

<b>Group</b>	<b>Land and buildings DKK'000</b>	<b>Fixtures, fittings, tools and equipment DKK'000</b>	<b>Leasehold improvements DKK'000</b>	<b>Total DKK'000</b>
<b>Cost</b>				
At 1 January 2022	27,887	19,515	6,477	53,879
Additions	19	2,268	83	2,370
<b>At 31 December 2022</b>	<b>27,906</b>	<b>21,783</b>	<b>6,560</b>	<b>56,249</b>
<b>Depreciation</b>				
At 1 January 2022	(2,236)	(5,855)	(1,693)	(9,784)
Depreciation	(1,029)	(2,673)	(1,337)	(5,039)
<b>At 31 December 2022</b>	<b>(3,265)</b>	<b>(8,528)</b>	<b>(3,030)</b>	<b>(14,823)</b>
<b>Net book value</b>				
<b>At 31 December 2022</b>	<b>24,641</b>	<b>13,255</b>	<b>3,530</b>	<b>41,426</b>
<b>At 31 December 2021</b>	<b>25,651</b>	<b>13,660</b>	<b>4,784</b>	<b>44,095</b>

The company has no tangible fixed assets.

The value of land held is DKK 4,910,000.

**MUSCLES UK HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**11. INVESTMENTS**

<b>Group</b>	<b>Other fixed asset investments DKK'000</b>	<b>Deposits DKK'000</b>	<b>Total DKK'000</b>
At 1 January 2022	2,479	444	2,923
Additions	487	13	500
Disposals	(1,491)	-	(1,491)
<b>At 31 December 2022</b>	<b>1,475</b>	<b>457</b>	<b>1,932</b>

<b>Company</b>	<b>Investment in subsidiaries DKK'000</b>
<b>Cost</b>	
Cost brought forward	688,728
<b>At 31 December 2022</b>	<b>688,728</b>
<b>Impairment</b>	
Impairment brought forward	-
Impairment in the period	-
<b>At 31 December 2022</b>	<b>-</b>
<b>Net book value</b>	
<b>At 31 December 2022</b>	<b>688,728</b>
<b>At 31 December 2021</b>	<b>688,728</b>

The following were subsidiaries undertakings of the company:

<b>Name</b>	<b>Class of share</b>	<b>Holding</b>
Sonas HoldCo ApS	Ordinary	94%
*Sonas MidCo ApS	Ordinary	94%
*Sonas BidCo ApS	Ordinary	94%
*Sonas Group AS	Ordinary	94%

\*Indirectly held.

The registered office of the indirectly held subsidiaries are:

<b>Name</b>	<b>Registered office</b>
Sonas HoldCo ApS	Herlev Hovedgade 82, DK-2730 Herlev, Denmark
Sonas MidCo ApS	Herlev Hovedgade 82, DK-2730 Herlev, Denmark
Sonas BidCo ApS	Herlev Hovedgade 82, DK-2730 Herlev, Denmark
Sonas Group AS	Herlev Hovedgade 82, DK-2730 Herlev, Denmark

In the opinion of the directors the value of these investment as at 31 December 2022 is not less than the aggregate amount in the Balance Sheet at that date. The reporting period end of the subsidiary undertakings is co-terminus with the company. All of the above subsidiaries are included in the group consolidation.

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**12. DEBTORS**

Amounts due within one year	2022 Group DKK'000	2022 Company DKK'000	2021 Group DKK'000	2021 Company DKK'000
Trade debtors	57,322	-	50,146	-
Amounts owed from group companies	-	146,114	-	75,194
Prepayments and other receivables	12,958	-	5,479	-
Corporation tax receivable	-	-	2,000	-
Corporation tax receivable from group entities	-	-	4,473	-
NBCD A/S	-	-	-	-
Deferred tax (note 16)	19,804	-	16,794	-
	<b>90,804</b>	<b>146,114</b>	<b>78,892</b>	<b>75,194</b>

An impairment charge recognized in other operating expenses in respect of bad and doubtful debts was DKK Nil (2021: DKK Nil).

**13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2022 Group DKK'000	2022 Company DKK'000	2021 Group DKK'000	2021 Company DKK'000
Mortgage loans	-	-	628	-
Trade creditors	87,343	14	47,706	17
Other creditors	18,619	621	18,422	373
Payable to group entities relating to corporation tax	-	-	4,401	-
Corporation tax	7,319	-	4,666	-
Accruals	146,114	146,114	75,194	75,194
	<b>259,395</b>	<b>146,749</b>	<b>151,017</b>	<b>75,584</b>

**14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2022 Group DKK'000	2022 Company DKK'000	2021 Group DKK'000	2021 Company DKK'000
Mortgage loans	-	-	10,200	-
Bank loans	212,461	-	210,953	-
Deposits	64	-	64	-
Other payables	17,486	-	16,567	-
	<b>230,011</b>	<b>-</b>	<b>237,784</b>	<b>-</b>

Muscles UK Holdings Limited, subsidiary Sonas BidCo ApS has a financing agreement with SC Bridgepoint EU of DKK 212,460,734 (2021: DKK 210,952,886), with an interest dependent on CIBOR.

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**14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (CONTINUED)**

The analysis of the ageing of mortgage loans are as follows:

<b>Mortgage loans</b>	<b>2022 Group DKK'000</b>	<b>2022 Company DKK'000</b>	<b>2021 Group DKK'000</b>	<b>2021 Company DKK'000</b>
Not later than 1 year	-	-	628	-
Later than 1 year and not later than 5 years	-	-	10,200	-
Later than 5 years	-	-	-	-
	-	-	<b>10,828</b>	-

There was security over the mortgage held on the property. Interest was charged at 3.5% (2021: 3.5%).

The analysis of the ageing of bank loans are as follows:

<b>Bank loans</b>	<b>2022 Group DKK'000</b>	<b>2022 Company DKK'000</b>	<b>2021 Group DKK'000</b>	<b>2021 Company DKK'000</b>
Not later than 1 year	-	-	-	-
Later than 1 year and not later than 5 years	212,461	-	210,953	-
Later than 5 years	-	-	-	-
	<b>212,461</b>	-	<b>210,953</b>	-

**15. DEFERRED TAX-**

	<b>2022 DKK '000</b>	<b>2021 DKK '000</b>
<b>Brought forward</b>	16,794	-
Acquired through subsidiary business combination	-	13,593
Charged to the Statement of Comprehensive Income	(2,514)	3,201
Other movements	5,524	-
<b>At end of the year</b>	<b>19,804</b>	<b>16,794</b>

The provision for deferred taxation is made up as follows:

	<b>2022 DKK'000</b>	<b>2021 DKK'000</b>
Accelerated capital allowances	19,804	16,794
<b>At end of the year</b>	<b>19,804</b>	<b>16,794</b>

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**16. SHARE CAPITAL**

	<b>2022</b>	<b>2021</b>
	<b>DKK'000</b>	<b>DKK'000</b>
97,729,934 Ordinary shares of DKK 1 each (2021: 97,729,934 Ordinary shares of DKK 1 each)	97,730	97,730
590,997,700 Preference shares of DKK 0.01 each (2021: 590,997,700 Preference shares of DKK 1 each)	5,910	590,998
	<b>103,640</b>	<b>688,728</b>

On 3 December 2020, 1 ordinary share was issued for 1 DKK. On 9 September 2022, 97,729,934 ordinary shares were allotted for DKK 97,222,266, generating share premium of DKK 1,492,366.

On 10 December 2020, 590,997,700 Preference shares were allotted for DKK 590,997,700. Movement in the year relates to classification between equity accounts.

Ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights and they do not confer any rights of redemption.

The Preference shares have full voting rights attached to them. The shareholders have a right to receive an annual 12% dividend, should this not be paid in any calendar year it shall accrue until such time as the amount is paid. Any unpaid accrued dividend owed shall be paid in the first instance after which capital shall be equally split with the ordinary shares. The shares are redeemable.

**17. COMMITMENTS UNDER OPERATING LEASES**

At 31 December 2022 the group had future minimum lease payments under non-cancellable operating leases as follows:

	<b>2022</b>	<b>2021</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Not later than 1 year	2,463	1,029
Later than 1 year and not later than 5 years	9,622	3,556
Later than 5 years	2,641	1,880
	<b>14,726</b>	<b>6,465</b>

The company has no lease commitments.

**18. CONTINGENT LIABILITIES**

The Danish subsidiaries participate in a Danish joint taxation arrangement in which Sonas HoldCo ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Parent and the Danish subsidiaries are therefore liable for the income taxes.



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**19. RESERVES**

**Share capital**

The nominal value of allotted and fully paid up ordinary share capital.

**Share premium**

This reserve includes any premiums received on issue of share capital

**Capital contribution**

This reserve relates to additional investment made by the shareholders into equity.

**Profit and loss account**

This reserve represents accumulated gains and losses recognised in the Statement of Comprehensive Income.

**Non controlling interest**

The cumulative net gains and losses recognised in the Statement of Comprehensive Income due to non-controlling interest parties.

**20. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The company's parent undertaking and controlling party is Osteo Holdings Limited incorporated in the Cayman Islands.

There is no ultimate parent undertaking or controlling party.