Two Brothers ApS

Nordre Teglkaj 14, 6. th.
DK-2450 København SV

CVR no. 37 93 53 87

Annual report 2020/21

The annual report was presented and approved at the Company's annual general meeting on

8 March 2022

Philip Hempel Sparsø
Chairman

Contents

Statement by the Executive Board

The Executive Board has today discussed and approved the annual report of Two Brothers ApS for the financial year 1 October 2020 – 30 September 2021.

The annual report, which has not been audited, is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 30 September 2021 and of the results of the Company's operations for the financial year 1 October 2020 – 30 September 2021.

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

We recommend that the annual report be approved at the annual general meeting.

Copenhagen 8 March 2022
Executive Board:

Philip Hempel Sparsø CEO	Martin Hempel Sparsø CEO

Auditor's report on the compilation of financial statements

To the Management of Two Brothers ApS

We have compiled the financial statements of Two Brothers ApS for the financial year 1 October 2020 – 30 September 2021 based on the Company's bookkeeping records and other information provided by you.

The financial statements comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies.

We performed our work in accordance with ISRS 4410 *Engagements to Compile Financial Statements.*

We have applied our professional expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with the Danish Financial Statements Act. We have complied with the independence and other ethical requirements of the IESBA Codes of Ethics, which is based on fundamental principles of integrity, objectivity, professional competence and due care.

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion as to whether these financial statements are prepared in accordance with the Danish Financial Statements Act.

Copenhagen 8 March 2022
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Morten Høgh-Petersen
State Authorised
Public Accountant
mne34283

Management's review

Company details

Two Brothers ApS
Nordre Teglkaj 14, 6. th.
2450 København SV

CVR no.:	37 93 53 87
Established:	12 August 2016
Registered office:	Copenhagen
Financial year:	1 October – 30 September

Executive Board

Philip Hempel Sparsø, CEO
Martin Hempel Sparsø, CEO

Management's review

Operating review

Principal activities

The company's main activity is to own shares in group entities.

Development in activities and financial position

The Company's income statement for 2021 shows a profit of DKK 24,553,864 as against DKK 597,235 in 2020. Equity in the Company's balance sheet at 30 September 2021 stood at DKK 27,752,741 as against DKK 3,309,477 at 30 September 2020.

Events after the balance sheet date

No events have occurred since the end of the financial year that could have significantly affected the company's financial position.

Financial statements 1 October – 30 September

Income statement

DKK	Note	2020/21	2019/20
Gross loss		-321,508	-7,200
Staff costs	2	-700,379	0
Loss before financial income and expenses		-1,021,887	-7,200
Income from group entities		25,422,690	603,487
Other financial expenses		-91,992	-815
Profit before tax		24,308,811	595,472
Tax on profit/loss for the year	3	245,053	1,763
Profit for the year		24,553,864	597,235

Proposed profit appropriation

Reserve for net revaluation under equity method	-3,019,247	603,487
Proposed dividends for the year	114,400	110,600
Retained earnings	27,458,711	-116,852
	24,553,864	597,235

Financial statements 1 October – 30 September

Balance sheet

DKK	Note	30/9 2021	30/9 2020
ASSETS			
Fixed assets			
Investments	4		
Equity investments in group entities		16,905	3,142,581
Other receivables		6,900,000	0
		6,916,905	3,142,581
Total fixed assets		6,916,905	3,142,581
Current assets			
Receivables			
Receivables from group entities		0	280,108
Cash at bank and in hand		20,898,664	169,797
Total current assets		20,898,664	449,905
TOTAL ASSETS		27,815,569	3,592,486

Financial statements 1 October – 30 September

Balance sheet

DKK	Note	30/9 2021	30/9 2020
EQUITY AND LIABILITIES			
Equity			
Contributed capital		50,000	50,000
Reserve for net revaluation under equity method		0	3,019,247
Retained earnings		27,588,341	129,630
Proposed dividends for the financial year		114,400	110,600
Total equity		27,752,741	3,309,477
Liabilities			
Non-current liabilities			
Corporation tax		49,530	105,607
Current liabilities			
Payables to group entities		9,529	9,721
Corporation tax		0	164,481
Other payables		3,769	3,200
		13,298	177,402
Total liabilities		62,828	283,009
TOTAL EQUITY AND LIABILITIES		27,815,569	3,592,486
Contractual obligations, contingencies, etc.	5		

Financial statements 1 October – 30 September

Statement of changes in equity

DKK	Contributed capital	Reserve for net revaluation under equity method	Retained earnings	Proposed dividends for the financial year	Total
Equity at 1 October 2020	50,000	3,019,247	129,630	110,600	3,309,477
Net effect from demerger and business sale	0	0	0	0	0
Ordinary dividends paid	0	0	0	-110,600	-110,600
Transferred over the profit appropriation	0	-3,019,247	27,458,711	114,400	24,553,864
Equity at 30 September 2021	50,000	0	27,588,341	114,400	27,752,741

Financial statements 1 October – 30 September

Notes

1 Accounting policies

The annual report of Two Brothers ApS for 2020/21 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Income statement

Gross profit

Pursuant to section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

Other external costs

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, operating leases, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Financial income and expenses

Financial income and expenses comprise interest income and refunds under the on-account tax scheme, etc.

Tax on profit for the year

The Parent Company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. The subsidiaries are included in the joint taxation from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

The Company is the administrative company for the joint taxation and accordingly settles all payments of corporation tax to the tax authorities.

On payment of joint taxation contributions, current Danish corporation tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have used the losses to reduce their own taxable profit.

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Financial statements 1 October – 30 September

Notes

1 **Accounting policies (continued)**

Balance sheet

Investments

Equity investments in subsidiaries and associates are measured at the proportionate share of the entities' net asset value calculated in accordance with the Parent Company's accounting policies plus or minus unrealised intra-group gains or losses and plus or minus the residual value of positive and negative goodwill calculated in accordance with the acquisition method.

Equity investments in subsidiaries and associates with negative net asset values are measured at DKK 0, and any receivables from these entities are written down to the extent that the receivables are deemed irrecoverable. To the extent that the Parent Company has a legal or constructive obligation to cover a negative balance exceeding the receivable, the residual amount is recognised as provisions.

Other receivables and deposits are recognised at amortised cost.

Receivables

Receivables are measured at amortised cost.

Cash at bank and in hand

Cash and cash equivalents comprise cash.

Equity

Dividends

The expected dividends payment for the year is disclosed as a separate item under equity.

Net revaluation reserve according to the equity method

Net revaluation reserve according to the equity method comprises net revaluation of equity investments in subsidiaries in proportion to cost.

Corporation tax and deferred tax

The Company is the administrative company for the joint taxation and accordingly settles all payments of corporation tax to the tax authorities.

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Financial statements 1 October – 30 September

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1 Accounting policies (continued)

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Liabilities

Liabilities are measured at net realisable value.

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Notes

2 Staff costs

DKK	2020/21	2019/20
Wages and salaries	699,810	0
Other social security costs	569	0
	700,379	0
Average number of full-time employees	2	0

3 Tax on profit for the year

DKK	2020/21	2019/20
Current tax for the year	-245,053	-1,763
	-245,053	-1,763

4 Investments

DKK	Equity investments in group entities
Cost at 1 October 2020	123,334
Disposals for the year	-83,334
Cost at 30 September 2021	40,000
Revaluations at 1 October 2020	3,019,247
Revaluations for the year	-23,095
Reversals for the year of revaluations in previous years	-3,019,247
Revaluations 30 September 2021	-23,095
Carrying amount at 30 September 2021	16,905

Name/legal form	Voting rights and ownership interest
Subsidiaries:	
PFM Inc. ApS	0%
Product Brothers ApS	100 %
Active Brothers ApS	0%

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5 Contractual obligations, contingencies, etc.

Contingent liabilities

The company is administration company of the national joint taxation and therefore liable and solidary for additional companies in the national joint taxation. Any corrections that may occur of the joint taxation will lead to the company's liable and solidary joint taxation to account to a different amount.