

# Two Brothers ApS

Nordre Teglkaj 14, 6. th.  
2450 København SV

CVR no. 37 93 53 87

## **Annual report 2019/20**

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

1 March 2021

Philip Hempel Sparsø  
Chairman

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**Two Brothers ApS**  
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## 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 2019 – 30 September 2020.

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 2020 and of the results of the Company's operations for the financial year 1 October 2019 – 30 September 2020.

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 1 March 2021  
Executive Board:

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Philip Hempel Sparsø  
CEO

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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 2019 – 30 September 2020 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 1 March 2021

**KPMG**

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Morten Høgh-Petersen  
State Authorised  
Public Accountant  
mne34283

**Two Brothers ApS**  
Annual report 2019/20  
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## Management's review

### Company details

Two Brothers ApS  
Nordre Teglkaaj 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 2019/20 shows a profit of DKK 597,235 as against DKK 932,936 in 2018/19. Equity in the Company's balance sheet at 30 September 2020 stood at DKK 3,309,477 as against DKK 2,712,242 at 30 September 2019.

#### **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	1/10 2019- 30/9 2020	1/10 2018- 30/9 2019
<b>Gross loss</b>		-7,200	-2,750
Income from group entities		603,487	934,908
Other financial income		0	183
Other financial expenses		-815	-4
<b>Profit before tax</b>		595,472	932,337
Tax on profit/loss for the year	2	1,763	599
<b>Profit for the year</b>		597,235	932,936
<b>Proposed profit appropriation</b>			
Reserve for net revaluation under equity method		603,487	934,908
Proposed dividends for the year		110,600	0
Retained earnings		-116,852	-1,972
		597,235	932,936

## Financial statements 1 October – 30 September

### Balance sheet

DKK	Note	30/9 2020	30/9 2019
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Investments</b>	3		
Equity investments in group entities		<u>3,142,581</u>	<u>2,499,094</u>
<b>Total fixed assets</b>		<u>3,142,581</u>	<u>2,499,094</u>
<b>Current assets</b>			
<b>Receivables</b>			
Receivables from group entities		<u>280,108</u>	<u>507,307</u>
<b>Cash at bank and in hand</b>		<u>169,797</u>	<u>214,317</u>
<b>Total current assets</b>		<u>449,905</u>	<u>721,624</u>
<b>TOTAL ASSETS</b>		<u><u>3,592,486</u></u>	<u><u>3,220,718</u></u>

## Financial statements 1 October – 30 September

### Balance sheet

DKK	Note	30/9 2020	30/9 2019
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Contributed capital		50,000	50,000
Reserve for net revaluation under equity method		3,019,247	2,415,760
Retained earnings		129,630	246,482
Proposed dividends for the financial year		110,600	0
<b>Total equity</b>		<b>3,309,477</b>	<b>2,712,242</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Corporation tax		105,607	214,474
<b>Current liabilities</b>			
Trade payables		3,200	1,875
Payables to group entities		9,721	4,655
Corporation tax		164,481	287,472
		177,402	294,002
<b>Total liabilities</b>		<b>283,009</b>	<b>508,476</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,592,486</b>	<b>3,220,718</b>
<b>Contractual obligations, contingencies, etc.</b>	4		

## 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 2019	50,000	2,415,760	246,482	0	2,712,242
Transferred over the profit appropriation	<u>0</u>	<u>603,487</u>	<u>-116,852</u>	<u>110,600</u>	<u>597,235</u>
<b>Equity at 30 September 2020</b>	<u>50,000</u>	<u>3,019,247</u>	<u>129,630</u>	<u>110,600</u>	<u>3,309,477</u>

## Financial statements 1 October – 30 September

### Notes

#### 1 Accounting policies

The annual report of Two Brothers ApS for 2019/20 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.

#### Income from equity investments in group entities

The proportionate share of the individual subsidiaries' profit/loss after tax is recognised in the Parent Company's income statement after full elimination of intra-group gains/losses and amortisation of goodwill.

#### Other external costs

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

#### 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 Parent 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

#### Equity investments in group entities

Equity investments in group entities are measured at the proportionate share of the entities' net asset value calculated in accordance with the Group'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 group entities with negative net asset values are measured at DKK 0, and any receivables from these entities are written down by an amount equivalent to the negative net asset value. To the extent that the negative net asset value exceeds the receivable, the residual amount is recognised as provisions.

Net revaluation of equity investments in group entities is tied as a net revaluation reserve under equity according to the equity method to the extent that the carrying amount exceeds cost. Dividends from group entities expected to be adopted in the group entities prior to the approval of the Company's annual report, are not tied up in the revaluation reserve.

#### Receivables

Receivables are measured at amortised cost.

#### Cash at bank and in hand

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are easily convertible into cash and which are subject to only an insignificant risk of changes in value.

#### 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.

## Financial statements 1 October – 30 September

### Notes

#### 1 Accounting policies (continued)

##### 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 intercompany balance with the group entities.

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.

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.

## Financial statements 1 October – 30 September

### Notes

#### 2 Tax on profit for the year

DKK	1/10 2019- 30/9 2020	1/10 2018- 30/9 2019
Current tax for the year	-1,763	-599
	<u>-1,763</u>	<u>-599</u>

#### 3 Investments

DKK	Equity investments in group entities
Cost at 1 October 2019	83,334
Additions for the year	<u>40,000</u>
Cost at 30 September 2020	<u>123,334</u>
Revaluations at 1 October 2019	2,415,760
Revaluations for the year	<u>603,487</u>
Revaluations 30 September 2020	<u>3,019,247</u>
<b>Carrying amount at 30 September 2020</b>	<b><u>3,142,581</u></b>
	Voting rights and ownership interest
Name/legal form	
Subsidiaries:	
PFM Inc. ApS	66,66 %
Product Brothers ApS	100 %
Active Brothers ApS	100 %

#### 4 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.