Vlopes Scandinavia ApS

Marielundvej 46 B, 1, 2730 Herlev

Company reg. no. 37 25 85 55

Annual report

1 January - 31 December 2020

The annual report was submitted and approved by the general meeting on the 24 March 2021.

Marco André S. P. Lopes
Chairman of the meeting

Contents

Notes to users of the English version of this document:
- This document is a translation of a Danish version of the document. In the event of any dispute regarding the interpretation of any part of the document, the Danish version of the document shall prevail.
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points remain unchanged from Danish version of the document. This means that DKK 146.940 corresponds to the English amount of DKK 146,940, and that 23,5 % corresponds to 23.5 %.

Management's report

The managing director has today presented the annual report of Vlopes Scandinavia ApS for the financial year 1 January to 31 December 2020.

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

I consider the accounting policies used appropriate, and in my opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 December 2020 and of the company's results of its activities in the financial year 1 January to 31 December 2020.

I am of the opinion that the management's review includes a fair description of the issues dealt with.

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

Herlev, 24 March 2021

Managing Director

Marco André S. P. Lopes

Independent auditor's report on extended review

To the shareholder of Vlopes Scandinavia ApS

Disclaimer of opinion

We were engaged to perform extended review of the annual accounts of Vlopes Scandinavia ApS for the financial year 1 January - 31 December 2020, which comprise profit and loss account, balance sheet, statement of changes in equity, notes and accounting policies. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

We do not express any opinion on the annual accounts. Due to the significance of the matters described in the paragraph "Basis for disclaimer of opinion", we have not been able to obtain sufficient and appropriate evidence to provide a basis for an opinion on the annual accounts.

Basis for disclaimer of opinion

Receivables from sales, is recognized in the balance sheet with DKK 11,9 million. Of the amount recognized, payments/confirmation for DKK 1,9 million has subsequently been received. We cannot conclude regarding the valuation of the remaining receivable at DKK 10,0 million as we have not received sufficient audit evidence that payments will be recieved from company's debtor.

Contract work in progress is recognized in the balance sheet at DKK 1.1 million, which includes salary costs etc. for design and construction management etc. We have not been able to obtain sufficient and suitable audit evidence regarding the associated salary costs related to the ongoing projects, just as we have not been able to obtain sufficient and appropriate audit evidence for the completion rates of the ongoing work. We therefore not conclude on the valuation of Contract work in progress.

The company has chosen to capitalize deferred tax relating to the company's tax loss carryforwards. We qualify regarding the valuation of capitalized deferred tax of DKK 1.2 million, as the company has not been able to document that this can be utilized in the near future.

The accumulated effect of the above 3 matters is that the profit for the year may be overestimated by DKK 12,3 million and that the equity may be overestimated by DKK 12,3 million.

The management's responsibilities for the annual accounts

Management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the management determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

Independent auditor's report on extended review

Auditor’s responsibilities for the extended review of the annual accounts

Our responsibility is to express an opinion on the financial statements based on the extended review per-formed in accordance with the standard from the Danish Business Authority applicable to auditor's reports on small enterprises and in accordance with the standard from the Danish Institute of State Authorised Public Accountants applicable to extended review of annual accounts prepared in accordance with the Danish Financial Statements Act.

We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements.

Statement on the management commentary

As it appears from the paragraph "Basis for disclaimer of opinion", we have not been able to obtain sufficient and appropriate evidence that could provide basis for an opinion on the annual accounts. As a consequence, we do not express an opinion on the management commentary.

Copenhagen, 24 March 2021

Redmark
State Authorised Public Accountants
Company reg. no. 29 44 27 89

Søren Kristiansen Bünger
State Authorised Public Accountant
mne34334

Company information

The company	Vlopes Scandinavia ApS Marielundvej 46 B, 1 2730 Herlev	
	Company reg. no.	37 25 85 55
	Established:	24 November 2015
	Domicile:	Herlev
	Financial year:	1 January - 31 December 5th financial year
Managing Director	Marco André S. P. Lopes	
Auditors	Redmark Statsautoriseret Revisionspartnerselskab Dirch Passers Allé 76 2000 Frederiksberg	

Management commentary

The principal activities of the company

Like previous years, the principal activities are The objects of the company are to carry on business within the fields of sale of air handling units and air purification systems and any other business which naturally connected herewith.

Development in activities and financial matters

The gross profit for the year is DKK 5.309.940 against DKK 1.296.145 last year. The results from ordinary activities after tax are DKK -394.410 against DKK -3.875.763 last year. The management consider the results unsatisfactory. The reason for the negative development must be found in the conclusion of a contract that has costed the company considerable sums.

In previous years, the company's activity has been as a subcontractor to Inabensa. In October 2020, Region Hovedstaden have terminated Inabensa's construction contracts for plumbing, ventilation and electricity for the construction of Nyt Hospital Herlev. According to Region Hovedstaden, Inabensa had not been able to live up to the obligations of the contracts and had not carried out the work to the agreed time and quality. In continuation of this, Inabensa chose to terminate the subcontract with Vlopes Scandinavia ApS with immediate effect.

Vlopes Scandinavia ApS has argued to Inabensa that the termination of the subcontract was unjustified, which is why Vlopes considers itself entitled to compensation.

Vlopes Scandinavia ApS has at Inabensa a trade receivable at DKK 9.989.305. If Inabensa is not able to pay their outstanding amount, the company's short-term liabilities excluding intercompany balances as at 31 December 2020 will exceed the company's current assets. The company's ultimate owner has stated, that they will supply the company with the necessary liquidity. On this basis the management believes, that the company will continue as a going concern in 2021.

Income statement 1 January - 31 December

All amounts in DKK.

Note		2020	2019
	Gross profit	**5.309.940**	**1.296.145**
2	Staff costs	-5.741.617	-6.049.438
	Operating profit	**-431.677**	**-4.753.293**
	Other financial costs	-58.170	-183.369
	Pre-tax net profit or loss	**-489.847**	**-4.936.662**
	Tax on ordinary results	95.437	1.060.899
	Net profit or loss for the year	**-394.410**	**-3.875.763**
	Proposed appropriation of net profit:		
	Allocated from retained earnings	-394.410	-3.875.763
	Total allocations and transfers	**-394.410**	**-3.875.763**

Statement of financial position at 31 December

All amounts in DKK.

Note	Assets	2020	2019
	Non-current assets		
	Deposits	130.690	186.810
	Total investments	130.690	186.810
	Total non-current assets	**130.690**	**186.810**
	Current assets		
	Raw materials and consumables	1.972.728	1.886.650
	Total inventories	1.972.728	1.886.650
	Trade debtors	11.894.806	10.909.206
	Contract work in progress	1.116.170	1.701.133
	Deferred tax assets	1.156.336	1.060.899
	Receivable corporate tax	0	60.000
	Other debtors	106.037	0
	Total receivables	14.273.349	13.731.238
	Available funds	376.664	1.432.147
	Total current assets	**16.622.741**	**17.050.035**
	Total assets	**16.753.431**	**17.236.845**

Statement of financial position at 31 December

All amounts in DKK.

Note	Equity and liabilities	2020	2019
	Equity		
	Contributed capital	6.036.230	100.000
	Results brought forward	-4.018.606	-3.624.196
	Total equity	**2.017.624**	**-3.524.196**
	Liabilities other than provisions		
3	Other payables	398.974	156.482
	Total long term liabilities other than provisions	398.974	156.482
	Bank debts	0	27.967
	Trade creditors	658.348	1.787.406
	Debt to group enterprises	11.378.471	16.660.962
	Other debts	2.300.014	2.128.224
	Total short term liabilities other than provisions	14.336.833	20.604.559
	Total liabilities other than provisions	**14.735.807**	**20.761.041**
	Total equity and liabilities	**16.753.431**	**17.236.845**

1 Uncertainties concerning the enterprise's ability to continue as a going concern

4 Charges and security

5 Contingencies

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Retained earnings	Total
Equity 1 January 2019	100.000	251.567	351.567
Retained earnings for the year	0	-3.875.763	-3.875.763
Equity 1 January 2020	100.000	-3.624.196	-3.524.196
Cash capital increase	5.936.230	0	5.936.230
Retained earnings for the year	0	-394.410	-394.410
	6.036.230	**-4.018.606**	**2.017.624**

Notes

All amounts in DKK.

1. Uncertainties concerning the enterprise's ability to continue as a going concern

The ultimate parent company has signed a subordination af support letter confirming that Vieira & Lopes LDA or one of its subsidiaries has no intensions of calling there recievables before the company has sufficient funds to settles its other creditors and make repayments without affecting the company's ability to continue as a going concern in 2021.

It is also stated that they will supply the company with the necessary liquidity. On this basis the management believes, that the company will continue as a going concern in 2021.

	2020	2019
2. Staff costs		
Salaries and wages	5.010.888	5.180.004
Pension costs	645.917	692.085
Other costs for social security	47.430	51.879
Other staff costs	37.382	125.470
	5.741.617	**6.049.438**
Average number of employees	14	15
3. Other payables		
Holiday pay obligations, salaried staff	398.974	156.482
	398.974	156.482
Share of amount due within 1 year	0	0
	398.974	**156.482**
Share of liabilities due after 5 years	398.974	156.482

4. Charges and security

For all matter with the bank, the company has provided security in available funds at T.DKK 50.

5. Contingencies

Contingent liabilities

Rent liabilities:

The company's rent liabilities on 31 December 2020 were 131 T.DKK., as they have a 3 month termination period.

Accounting policies

The annual report for Vlopes Scandinavia ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Income statement

Gross profit

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

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Accounting policies

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Own work capitalised

Own work capitalised includes staff cost and other internal costs incurred during the financial year and recognised in the cost of proprietary intangible and tangible fixed assets.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

Staff costs

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

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The balance sheet

Financial fixed assets

Other securities and equity investments

Securities and equity investments recognised under fixed assets comprise listed bonds and shares which are measured at fair value on the balance sheet date. Listed securities are measured at market price.

Other unlisted securities are measured at cost. Writedown takes place to the recoverable amount, if this value is lower than the book value.

Deposits

Deposits are measured at amortised cost and represent rent deposits, etc.

Accounting policies

Inventories

Inventories are measured at cost on basis of measured average prices. In case the net realisable value is lower than the cost, writedown takes place at this lower value.

Inventories are measured at cost on basis of the FIFO method. In case the net realisable value of the inventories is lower than the cost, writedown takes place to this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

The cost for manufactured goods and works in progress comprises the cost for raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance of and depreciation on machinery, factory buildings and equipment applied during the production process, and costs for factory administration and factory management. Borrowing costs are not recognised in cost.

The net realisable value for inventories is recognised as the market price with deduction of completion costs and selling costs. The net realisable value is determined taking into consideration the negotiability, obsolescence, and development of the expected market price.

Receivables

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

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired.If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Accounting policies

Contract work in progress

Contract work in progress is measured at the selling price of the work performed, however with deduction of invoicing on account and expected losses.

The selling price is measured on the basis of the stage of completion on the balance sheet date and the total expected income from the individual contracts. The stage of completion is calculated as the share of costs incurred in proportion to the estimated total costs of the individual contract.

When the sales value of a contract can not be determined reliably, the selling price is measured solely at the costs incurred, or at the net realisable value, if this is lower.

Contracts are recognised as trade debtors if the selling price of the work performed exceeds invoicing on account and expected losses. Contracts are recognised as liabilities if invoicing on account and expected losses exceed the selling price.

Costs in connection with sales work and the achievement of contracts are recognised in the profit and loss account when incurred.

Available funds

Available funds comprise cash at bank and in hand.

Income tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax assets, including the tax value of tax losses eligible for carry over, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set off in deferred tax liabilities within the same legal tax unit.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities other than provisions

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.