

Vlopes Scandinavia ApS

Marielundvej 46 B, 1, 2730 Herlev

Company reg. no. 37 25 85 55

Annual report

1 January - 31 December 2021

The annual report was submitted and approved by the general meeting on the 3 June 2022.

Marco André S. P. Lopes
Chairman of the meeting

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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 statement

Today, the Managing Director has approved the annual report of Vlopes Scandinavia ApS for the financial year 1 January - 31 December 2021.

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

I consider the chosen accounting policy to be appropriate, and in my opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January – 31 December 2021.

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

We recommend that the annual report be approved at the Annual General Meeting.

Herlev, 3 June 2022

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 performed an extended review of the financial statements of Vlopes Scandinavia ApS for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies,. The financial statements are prepared under 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 8,7 million. Of the amount recognized, payments/confirmation for DKK 1,1 million has subsequently been received. We cannot conclude regarding the valuation of the remaining receivable at DKK 7,6 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 t. DKK 626, 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 cannot 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 1,5 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 9,7 million and that the equity may be overestimated by DKK 9,7 million.

Management's Responsibilities for the Financial Statements

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

In preparing the financial statements, Management is responsible for assessing the 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 in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report on extended review

Auditor's responsibilities for the extended review of the Financial Statements

Our responsibility is to express an opinion on the financial statements based on the extended review performed 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 financial statements prepared in accordance with the Danish Financial Statements Act. However, due to the matters described in the "Basis for Disclaimer of Opinion" section of our report, we have not been able to obtain sufficient appropriate evidence to provide a basis for a conclusion on these financial statements.

We are independent of the company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Statement on the Management's Review

As evident from the matter described in the "Basis for Disclaimer of Opinion" section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements. As a result, we do not express an opinion on the Management's Review.

Copenhagen, 3 June 2022

Redmark

Godkendt Revisionspartnerselskab
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
6th financial year

Managing Director

Marco André S. P. Lopes

Auditors

Redmark
Godkendt Revisionspartnerselskab
Dirch Passers Allé 76
2000 Frederiksberg

Management's review

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.

Unusual matters

During the financial year, in connection with a review of the company's receivables per 31. December 2021, the company discovered that a part of the recorded receivables were incorrectly recorded as revenue and receivables in 2019. At the end of 2019, the company's receivables were thus overestimated by 2.500 tDKK.

The correction has been recognized in 2020 on equity with -1.950 tDKK (after taxes), thus the effect of this is fully recognized in the comparative figures for 2020. The fiscal effect of the correction was at the end of 2020 respectively offset by the deferred tax with 550 tDKK.

Development in activities and financial matters

The gross profit for the year totals DKK 4.086.898 against DKK 5.339.875 last year. Income or loss from ordinary activities after tax totals DKK 595.002 against DKK -371.061 last year. The management consider the results satisfactory.

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 7,522,864. If Inabensa is not able to pay their outstanding amount, the company's short-term liabilities excluding intercompany balances as at 31 December 2021 will not 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 2022.

Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2021</u>	<u>2020</u>
Gross profit	4.086.898	5.339.875
2 Staff costs	-3.283.485	-5.741.617
Operating profit	803.413	-401.742
Other financial income	30	0
Other financial expenses	-34.806	-58.170
Pre-tax net profit or loss	768.637	-459.912
Tax on ordinary results	-173.635	88.851
Net profit or loss for the year	595.002	-371.061
Proposed appropriation of net profit:		
Transferred to retained earnings	595.002	0
Allocated from retained earnings	0	-371.061
Total allocations and transfers	595.002	-371.061

Balance sheet at 31 December

All amounts in DKK.

Assets		
<u>Note</u>	<u>2021</u>	<u>2020</u>
Non-current assets		
Deposits	129.468	130.690
Total investments	129.468	130.690
Total non-current assets	129.468	130.690
Current assets		
Raw materials and consumables	1.529.408	1.972.728
Total inventories	1.529.408	1.972.728
Trade debtors	8.684.597	9.424.741
Contract work in progress	625.538	1.116.170
Deferred tax assets	1.526.114	1.699.750
Income tax receivables	18.000	0
Other debtors	0	106.037
Total receivables	10.854.249	12.346.698
Cash and cash equivalents	198.485	376.664
Total current assets	12.582.142	14.696.090
Total assets	12.711.610	14.826.780

Balance sheet at 31 December

All amounts in DKK.

Equity and liabilities			
<u>Note</u>		<u>2021</u>	<u>2020</u>
Equity			
	Contributed capital	6.036.230	6.036.230
	Results brought forward	-5.350.255	-5.945.257
	Total equity	685.975	90.973
Long term liabilities other than provisions			
3	Other payables	473.166	398.974
	Total long term liabilities other than provisions	473.166	398.974
	Current portion of long term liabilities	544.371	0
	Bank debts	18.929	0
	Trade creditors	520.174	789.948
	Payables to subsidiaries	9.152.276	11.378.471
	Other debts	1.316.719	2.168.414
	Total short term liabilities other than provisions	11.552.469	14.336.833
	Total liabilities other than provisions	12.025.635	14.735.807
	Total equity and liabilities	12.711.610	14.826.780

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 2020	100.000	-3.624.196	-3.524.196
Error on sales receivables, relating to 2019	0	-2.500.000	-2.500.000
Tax effect thereof on 2019	0	550.000	550.000
Adjusted equity 1 January 2020	100.000	-5.574.196	-5.474.196
Cash capital increase	5.936.230	0	5.936.230
Retained earnings for the year	0	-371.061	-371.061
Equity 1 January 2021	6.036.230	-5.945.257	90.973
Retained earnings for the year	0	595.002	595.002
	6.036.230	-5.350.255	685.975

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 and support letter confirming that Vieira & Lopes LDA or one of its subsidiaries will not have any repayments of receivables before the company has sufficient funds to settle its other creditors and therefore affecting the company's ability to continue as a going concern in 2022.

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 2022.

	2021	2020
	<hr/>	<hr/>
2. Staff costs		
Salaries and wages	2.844.213	5.010.888
Pension costs	348.429	645.917
Other costs for social security	24.804	47.430
Other staff costs	66.039	37.382
	<hr/>	<hr/>
	3.283.485	5.741.617
	<hr/>	<hr/>
Average number of employees	7	14
	<hr/>	<hr/>
3. Other payables		
Holiday pay obligations, salaried staff	398.974	398.974
VAT loan, Covid-19 help package	618.563	0
	<hr/>	<hr/>
	1.017.537	398.974
Share of amount due within 1 year	-544.371	0
	<hr/>	<hr/>
	473.166	398.974
	<hr/>	<hr/>
Share of liabilities due after 5 years	398.974	398.974
	<hr/>	<hr/>

4. Charges and security

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

Notes

All amounts in DKK.

5. Contingencies

Contingent liabilities

Rent liabilities:

The company's rent liabilities on 31 December 2021 were 138 T.DKK., as they have between 3 and 6 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.

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 social security costs, etc., for staff members. Staff costs are less government 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

Deposits

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

Inventories

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.

Accounting policies

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.

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 low

Accounting policies

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.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on 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.