

**Portillo Denmark ApS
CVR no. 38549502
Copenhagen, Denmark**

**Annual report
for the period ended 31 December 2017**

**Adopted at the Company's Annual General Meeting
on 29 May 2018**



Chairman Magnus Glissmann Bojer-Larsen

Portillo Denmark ApS
CVR no. 38549502
Annual report 2017

| Contents | Page |
|--|-------------|
| Company details | 3 |
| Management's review | 4 |
| Statement by the Management on the annual report | 5 |
| Financial statements: | |
| Accounting policies | 6-8 |
| Income statement | 9 |
| Balance sheet | 10 |
| Notes to the financial statements | 11-12 |

Portillo Denmark ApS
CVR no. 38549502
Annual report 2017

Company details

Company: Portillo Denmark ApS
CVR no: 38549502
Registered address: c/o TMF Denmark A/S, Købmagergade 60, 1. tv.
1150 København K
Denmark
Telephone: +45 58 59 59 18
Website: -
Financial year: 1st financial year
Directors: Gonzalo Portillo Belmonte

Portillo Denmark ApS
CVR no. 38549502
Annual report 2017

Management's review

Principal Activities of the Company

The Company's activities are installation, reparation and maintenance of telecommunications systems, security and alarm systems, as well as fire protection and other electrical installations.

Development in the Company's activities and financial matters

Portillo Denmark, ApS, a subsidiary of Grupo Portillo in Denmark, was established on April, 5 2017, so this is the first fiscal year closing, after nine months of activity.

For this first fiscal year, the Company shows a pre-tax result of (272) thousand Danish kroner, which represents a negative EBITDA of 17% and losses before tax of 17% of income.

Being the first year of the Company, it is not possible to compare the financial indicators of this fiscal year with previous periods, nor the evolution of the Company.

The Company's Management estimates that the financial balance will be reached in the second year of operation.

Significant events after the balance sheet date

No significant events have occurred after the balance sheet date which would influence the evaluation of the Company's financial position as at the balance sheet date.

Portillo Denmark ApS
CVR no. 38549502
Annual report 2017

Statement by the Management on the annual report

The Directors have today discussed and approved the annual report of Portillo Denmark ApS (the Company) for the financial period 5 April 2017 – 31 December 2017.

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

It is our opinion that the financial statements give a true and fair view of the Company's financial position at 31 December 2017 and of the results of the Company's operations for the financial period 5 April 2017 – 31 December 2017.

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, 29 May 2018

Directors:



Gonzalo Portillo Belmonte

Accounting policies

The annual report has been prepared in accordance with Danish financial statements legislation as well as generally accepted accounting principles.

The annual report has been prepared in accordance with the reporting requirements of the Danish Financial Statements Act of class B entities.

Recognition and Measurement

The financial statements have been prepared based on historical cost.

The income is recognised in the income statement as earned. Further to this, value adjustments of financial assets and liabilities measured at fair value or amortised costs are recognised. Furthermore, all costs incurred to earn the profit or loss for year have been recognised in the income statement, including amortisation, depreciation, write-down and provisions as well as reversals as a consequence of changed accounting estimates of amounts previously recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow into the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each financial statement item.

Certain financial assets and liabilities are measured at amortised cost, by which a constant redemption yield is recognised over the term. Amortised cost is calculated as original cost less instalments and addition/deduction of the accumulated amortisation of the difference between cost and the nominal amount. Thereby, capital and exchange losses or gains are allocated over the term.

On recognition and measurement, anticipated losses and risks that appear before presentation of the annual report and which confirm or invalidate affairs or conditions existing at the balance sheet date are considered.

The functional currency is Danish kroner, DKK. All other currencies are considered foreign currencies.

Foreign Currency Translations

During the year, transactions in foreign currencies have been translated applying the exchange rate at the transaction date. If currency positions are considered hedge of future cash flows, the value adjustments are recognised directly in equity.

Receivables and debt denominated in foreign currencies have been recognised at the exchange rate of the balance sheet date.

Realised and unrealised exchange gains and losses have been recognised in the income statement under other financial income and expenses.

Income Statement

Gross profit/loss

The Company has aggregated the items "revenue", "other operating income" as well as external expenses.

As income recognition criterion, the completed contract method is applied so that revenue comprises invoiced revenue for the year. Revenue is measured at fair value excl. VAT and less granted goods and customer discounts.

Accounting policies

Other operating income

Other operating income includes financial statement items of a secondary nature in relation to the primary activity of the enterprise, including profit on sale of fixed assets.

External expenses

External expenses comprise selling costs, facility costs and administrative expenses.

Other operating expenses

Other operating expenses include financial statement items of a secondary nature in relation to the primary activity of the enterprise, including losses from sale of fixed assets.

Other financial income and other financial expenses

Financial income and expenses comprise interest, realised and unrealised exchange gains and losses as well as interest surcharge and interest reimbursements under the Danish Tax Prepayment Scheme.

Tax on profit or loss for the year income taxes

Tax on profit or loss for the year represents 22% of the book profit or loss adjusted for non-taxable and non deductible items.

Tax on profit or loss for the year consists of the anticipated tax portion of the taxable income for the year adjusted for the changes for the year in deferred tax.

The Company is subject to the Danish Tax Prepayment Scheme. Interest reimbursement and interest surcharge have been recognised in financial income and expenses.

Balance Sheet

The balance sheet has been presented in account form.

Assets

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulate amortisation and depreciation. The basis of amortisation and depreciation is cost less estimated residual value after the end of useful life.

Cost comprises the acquisition price as well as costs directly related to the acquisition until the time when the asset is ready to be put into operation.

Depreciation is initiated when the assets are ready to be taken into operation. Assets are depreciated on a straight-line basis over their estimated useful lives.

Profit/loss on sale or retirement has been included in the income statement under other operating income and other operating expenses.

Impairment of property, plant and equipment

The carrying amount of property plant and equipment is reviewed annually for indication of impairment for loss, apart from what is expressed by usual amortisation and depreciation. If this applies, impairment for loss is made of each asset or group of assets, respectively, to lower recoverable amount.

As recoverable amount, the higher of expected net selling price and net present value is applied. The net present value is calculated as the present value of the anticipated cash flows from the use of the asset or the group of assets.

Impairment for loss for the year is recognised in the income statement as amortisation, depreciation and impairment for loss of property, plant and equipment and intangible assets.

Fixed asset investments

Other receivables recognised under fixed assets comprise loans and rental deposits measured at amortised cost, which usually corresponds to nominal amount. In events when the carrying amount exceeds the recoverable amount, impairment for loss is made to such lower value. Impairment for loss for the year is recognised in the income statement as impairment for loss of financial assets.

Portillo Denmark ApS
CVR no. 38549502
Annual report 2017

Accounting policies

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by write-down for bad debt according to an individual assessment.

Work in progress

Work in progress is measured at cost price. Where the cost price exceeds the net realisable value, work in progress is written down to this lower value.

Prepayments

Prepayments comprise costs incurred relating to subsequent financial years.

Equity and Liabilities

Equity

Management's proposed dividends for the financial year is disclosed as a separate item in equity.

Provision for deferred tax

Deferred tax is measured according to the liability method. Provision has been made for deferred tax by 22% on all temporary differences between carrying amount and tax-based value of assets and liabilities.

The tax-based values of tax losses carried forward are included in the statement of deferred tax if it is probable that the losses can be utilised.

Deferred tax assets which are not expected utilised within a few years have been disclosed in notes under contingent assets.

Other liabilities other than provisions

Other liabilities other than provisions have been measured at amortised cost which corresponds to nominal value.

Deferred income

Deferred income comprises income received relating to subsequent years.

Portillo Denmark ApS
CVR no. 38549502
Annual report 2017

Income statement

| | | Period ended |
|--|-------|-------------------------|
| | | 31-12-2017 |
| | Notes | DKK |
| Operating income | 1 | 1.599.438 |
| External costs | 2 | (693.984) |
| Gross profit | | <u>905.454</u> |
| Staff costs | 3 | (377.967) |
| Other operating expenses | 4 | (795.997) |
| Operating profit/loss | | <u>(268.510)</u> |
| Other financial expenses | 5 | (3.540) |
| Profit/loss before tax | | <u>(272.050)</u> |
| Tax on profit/loss for the year | | - |
| Profit/loss for the year | | <u><u>(272.050)</u></u> |
| Proposed profit/loss distribution | | |
| Retained earnings | | (272.050) |
| Profit/loss for the year | | <u><u>(272.050)</u></u> |

Portillo Denmark ApS
 CVR no. 38549502
 Annual report 2017

Balance sheet

| | | As at |
|-------------------------------------|-------|-------------------|
| | Notes | 31-12-2017 DKK |
| Assets | | |
| Current assets | | |
| Trade receivables | | 1.515.550 |
| Other receivables | 6 | 114.434 |
| Prepayments | 7 | 9.497 |
| | | <u>1.639.481</u> |
| Cash | | 170.618 |
| Total current assets | | 1.810.099 |
| Total Assets | | <u>1.810.099</u> |
| Equity and liabilities | | |
| Equity | 8 | |
| Share capital | | 50.000 |
| Retained earnings | | (272.050) |
| Proposed dividends | | - |
| Total equity | | <u>(222.050)</u> |
| Liabilities | | |
| Current liabilities | | |
| Trade payables | | 658.753 |
| Payables to group enterprises | | 1.131.204 |
| Income tax payable | | - |
| Other payables | 9 | 242.192 |
| Total current liabilities | | <u>2.032.149</u> |
| Total liabilities | | 2.032.149 |
| Total Equity and Liabilities | | <u>1.810.099</u> |

Portillo Denmark ApS
CVR no. 38549502
Annual report 2017

Notes to the financial statements

| | |
|--|------------------|
| 1 Operating income | 2017 DKK |
| Service fees | 1.288.178 |
| Sales of goods | 311.260 |
| | <u>1.599.438</u> |
| 2 External costs | 2017 DKK |
| Maintenance material | (7.429) |
| Energy expenses | (3.348) |
| Fuel for equipment | (2.790) |
| Other material | (470) |
| Equipment rent | (23.489) |
| Production material | (656.458) |
| | <u>(693.984)</u> |
| 3 Staff costs | 2017 DKK |
| Gross salaries | (332.598) |
| Holiday accrual | (16.525) |
| Company pension contributions | (2.240) |
| Statutory pension and social contributions | (1.957) |
| Bonus | (22.705) |
| Insurance for employees | (1.942) |
| | <u>(377.967)</u> |
| The average number of employees in 2017 totalled to 2 | |
| 4 Other operating expenses | 2017 DKK |
| Stationery and office materials | (1.343) |
| Accounting and compliance services, domiciliation services | (137.446) |
| Travel expenses | (325.479) |
| Bank charges | (2.028) |
| Other expenses | (636) |
| Telephone and mobile phone services | (783) |
| Service and utility charges | (4.724) |
| Postage and courier | (550) |
| Car leasing | (32.156) |
| Car fuel and consumables | (2.562) |
| Car parking fees | (104) |
| Legal and advisory services | (238.342) |
| Recruitment services | (34.000) |
| Translation services | (5.930) |
| Association memberships | (9.912) |
| | <u>(795.997)</u> |
| 5 Other financial expenses | 2017 DKK |
| Foreign exchange losses | (93) |
| Interest paid to tax office | (2.777) |
| Other taxes and fees | (670) |
| | <u>(3.540)</u> |

Portillo Denmark ApS
 CVR no. 38549502
 Annual report 2017

Notes to the financial statements

| | |
|--|-------------------|
| 6 Other receivables | 2017 |
| | DKK |
| Receivables from employees | 114.434 |
| | <u>114.434</u> |
| 7 Prepayments | 2017 |
| | DKK |
| Subscription for professional membership | 9.497 |
| | <u>9.497</u> |
| 8 Equity | 31-12-2017 |
| | DKK |
| Share capital at 31 December 2017 | 50.000 |
| Share premium at 31 December 2017 | - |
| Retained earnings at 5 April 2018 | - |
| Transfer from profit/loss for the year | (272.050) |
| Retained earnings at 31 December 2017 | <u>(272.050)</u> |
| Equity at 31 December 2017 | <u>(222.050)</u> |
| The share capital consist of 50 000 shares of DKK 1,00. The shares have not been divided into classes. | |
| 9 Other payables | 31-12-2017 |
| | DKK |
| Payroll related taxes and contributions | (35.751) |
| Pension contributions | (3.360) |
| Expense claims - refundable to employees | 8.687 |
| Holiday accrual | (2.157) |
| VAT payables | (209.611) |
| | <u>(242.192)</u> |
| 10 Contingent assets | |
| The Company has no contingent assets | |
| 11 Contractual obligations | |
| The Company has no contractual obligations. | |
| 12 Ownership | |
| The following shareholders are subject to section 55 of Danish Public Companies Act: | |
| Portillo Seguridad S.L., Calle Suecia 95, 28022 Madrid, Spain | |
| Portillo Telecomunicaciones S.L., Calle Suecia 95, 28022 Madrid, Spain | |

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