

Registre de Commerce et des Sociétés

Numéro RCS : B123449

Référence de dépôt : L220246042

Déposé et enregistré le 17/11/2022

POVEHQX20220926T10013101_001

RCSL Nr. : B123449

Matricule : 2006 2237 571

eCDF entry date : 16/11/2022

ABRIDGED BALANCE SHEET**Financial year from** ⁰¹ 01/01/2021 **to** ⁰² 31/12/2021 (in ⁰³ EUR)

VTS GROUP S.A.

20, rue de l'Industrie

L-8399 Windhof

ASSETS

	Reference(s)	Current year	Previous year
A. Subscribed capital unpaid	1101 _____	101 _____	102 _____
I. Subscribed capital not called	1103 _____	103 _____	104 _____
II. Subscribed capital called but unpaid	1105 _____	105 _____	106 _____
B. Formation expenses	1107 _____	107 _____	108 _____
C. Fixed assets	1109 _____	109 <u>7.892.794,24</u>	110 <u>9.412.662,83</u>
I. Intangible assets	1111 _____	111 _____	112 _____
II. Tangible assets	1125 _____	125 _____	126 _____
III. Financial assets	1135 _____	135 <u>7.892.794,24</u>	136 <u>9.412.662,83</u>
D. Current assets	1151 _____	151 <u>19.454.711,27</u>	152 <u>10.855.634,92</u>
I. Stocks	1153 _____	153 <u>136.897,72</u>	154 <u>86.141,59</u>
II. Debtors	1163 _____	163 <u>7.622.277,76</u>	164 <u>9.035.427,43</u>
a) becoming due and payable within one year	1203 _____	203 <u>7.622.277,76</u>	204 <u>9.015.957,88</u>
b) becoming due and payable after more than one year	1205 _____	205 _____	206 <u>19.469,55</u>
III. Investments	1189 _____	189 <u>2.558.578,13</u>	190 _____
IV. Cash at bank and in hand	1197 _____	197 <u>9.136.957,66</u>	198 <u>1.734.065,90</u>
E. Prepayments	1199 _____	199 <u>10.214,06</u>	200 _____
TOTAL (ASSETS)		201 <u>27.357.719,57</u>	202 <u>20.268.297,75</u>

The notes in the annex form an integral part of the annual accounts

CAPITAL, RESERVES AND LIABILITIES

	Reference(s)	Current year	Previous year
A. Capital and reserves			
1301 _____	301 _____	<u>16.066.631,28</u>	302 _____ <u>6.081.620,07</u>
I. Subscribed capital	1303 _____	303 _____ <u>2.500.000,00</u>	304 _____ <u>2.500.000,00</u>
II. Share premium account	1305 _____	305 _____ <u>5.567.869,49</u>	306 _____ <u>5.567.869,49</u>
III. Revaluation reserve	1307 _____	307 _____	308 _____
IV. Reserves	1309 _____	309 _____ <u>250.000,00</u>	310 _____ <u>250.000,00</u>
V. Profit or loss brought forward	1319 _____	319 _____ <u>-2.236.249,42</u>	320 _____ <u>5.086.333,87</u>
VI. Profit or loss for the financial year	1321 _____	321 _____ <u>9.985.011,21</u>	322 _____ <u>-7.322.583,29</u>
VII. Interim dividends	1323 _____	323 _____	324 _____
VIII. Capital investment subsidies	1325 _____	325 _____	326 _____
B. Provisions	1331 _____	331 _____	332 _____
C. Creditors	1435 _____	435 _____ <u>11.291.088,29</u>	436 _____ <u>14.186.677,68</u>
a) becoming due and payable within one year	1453 _____	453 _____ <u>11.291.088,29</u>	454 _____ <u>14.186.677,68</u>
b) becoming due and payable after more than one year	1455 _____	455 _____	456 _____
D. Deferred income	1403 _____	403 _____	404 _____
TOTAL (CAPITAL, RESERVES AND LIABILITIES)		405 _____ <u>27.357.719,57</u>	406 _____ <u>20.268.297,75</u>

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Référence de dépôt : L220246042

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POVEHQX20220926T10013101_002

RCSL Nr. : B123449

Matricule : 2006 2237 571

eCDF entry date : 16/11/2022

ABRIDGED PROFIT AND LOSS ACCOUNT**Financial year from** ⁰¹ 01/01/2021 **to** ⁰² 31/12/2021 (in ⁰³ EUR)

VTS GROUP S.A.

20, rue de l'Industrie
L-8399 Windhof

	Reference(s)	Current year	Previous year
1. to 5. Gross profit or loss	1651 _____	651 <u>52.312,63</u>	652 <u>1.322.073,07</u>
6. Staff costs	1605 _____	605 <u>-142.034,52</u>	606 <u>-253.013,13</u>
a) Wages and salaries	1607 _____	607 <u>-126.929,63</u>	608 <u>-242.254,00</u>
b) Social security costs	1609 _____	609 <u>-15.104,89</u>	610 <u>-10.759,13</u>
i) relating to pensions	1653 _____	653 _____	654 _____
ii) other social security costs	1655 _____	655 <u>-15.104,89</u>	656 <u>-10.759,13</u>
c) Other staff costs	1613 _____	613 _____	614 _____
7. Value adjustments	1657 _____	657 _____	658 <u>-800.856,93</u>
a) in respect of formation expenses and of tangible and intangible fixed assets	1659 _____	659 _____	660 <u>-800.856,93</u>
b) in respect of current assets	1661 _____	661 _____	662 _____
8. Other operating expenses	1621 _____	621 <u>-14.743,12</u>	622 <u>-199.657,34</u>

The notes in the annex form an integral part of the annual accounts

	Reference(s)	Current year	Previous year
9. Income from participating interests	1715	<u>11.386.663,54</u>	<u>7.403.167,94</u>
a) derived from affiliated undertakings	1717	<u>11.386.663,54</u>	<u>7.403.167,94</u>
b) other income from participating interests	1719		
10. Income from other investments and loans forming part of the fixed assets	1721		
a) derived from affiliated undertakings	1723		
b) other income not included under a)	1725		
11. Other interest receivable and similar income	1727	<u>689.000,77</u>	<u>1.210.728,81</u>
a) derived from affiliated undertakings	1729	<u>634.532,75</u>	<u>1.201.578,87</u>
b) other interest and similar income	1731	<u>54.468,02</u>	<u>9.149,94</u>
12. Share of profit or loss of undertakings accounted for under the equity method	1663		
13. Value adjustments in respect of financial assets and of investments held as current assets	1665	<u>-1.593.565,13</u>	<u>-13.067.706,14</u>
14. Interest payable and similar expenses	1627	<u>-279.748,19</u>	<u>-2.891.686,74</u>
a) concerning affiliated undertakings	1629	<u>-231.330,04</u>	<u>-2.890.202,54</u>
b) other interest and similar expenses	1631	<u>-48.418,15</u>	<u>-1.484,20</u>
15. Tax on profit or loss	1635		
16. Profit or loss after taxation	1667	<u>10.097.885,98</u>	<u>-7.276.950,46</u>
17. Other taxes not shown under items 1 to 16	1637	<u>-112.874,77</u>	<u>-45.632,83</u>
18. Profit or loss for the financial year	1669	<u>9.985.011,21</u>	<u>-7.322.583,29</u>

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Déposé le 17/11/2022

VTS GROUP S.A.
« Société Anonyme »

R.C.S. Luxembourg B123449

ANNUAL ACCOUNTS
as at 31st December 2021

Grant Thornton Tax & Accounting

Experts Comptables & Fiscaux

On the basis of the documents and information received from the client, we have compiled the annual accounts of VTS GROUP S.A. as at 31st December 2021 which were established in accordance with the legal and regulatory provisions as well as the accounting procedures generally accepted in Luxembourg.

The Board of Directors remains responsible for these annual accounts which were not subject to a legal or contractual audit nor a review on our behalf.

The present financial statements show:

- a balance sheet total of: EUR 27,357,719.57
- a profit of the financial year of: EUR 9,985,011.21

VTS GROUP S.A.

Société anonyme

Registered office: 20, rue de l'Industrie, L-8399 Windhof

R.C.S. Luxemburg B123449

(the „Company“)

MANAGEMENT REPORT OF THE BOARD OF DIRECTORS

To the attention of the Sole Shareholder of **VTS GROUP S.A.**

Dear Sir,

In accordance with legal and statutory requirements and with the mandate of directors granted to us, we have the honor to present to you the annual financial statements for the year ended December 31st, 2021.

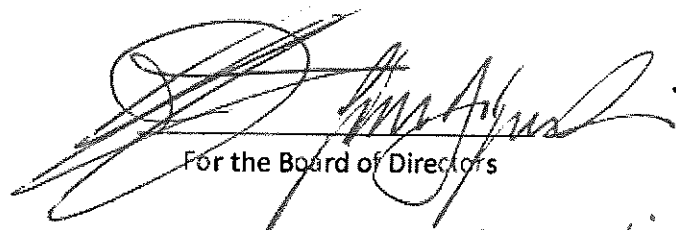

On the basis of the annual accounts as drafted, the year ended December 31st, 2021 closes with a profit amounting to EUR 9 985 011.21 , which we suggest allocating as follows:

	EUR
Profit for the financial year 2021 intended to cover losses from previous years	2 236 249.42
Profit for the financial year 2021 paid as dividend	6 500 000.00
Profit for the financial year 2021 retained in the company	1 248 761.79

The Company does not have any R&D department, the company uses the services of engineers in the design of automation devices. The company has no branch and has not purchased any of its own shares. During the current period, the Company intends to maintain its current activities.

We kindly request that the financial statements of your Company be approved as they are presented and that discharge be granted to the directors and the Statutory Auditor for the execution of their mandate for the year ended December 31st, 2021.

Luxemburg, September 29th, 2022


For the Board of Directors


Compliance & Control

to the ordinary general meeting of the company

VTS Group S.A.
20, rue de l'Industrie
L-8399 Windhof

STATUTORY AUDITOR'S REPORT

Following the mandate as statutory auditor filed and published with the Luxembourg Business Register on 6th July 2021, we have checked the books and accounting records of your company for the financial year ending December 31, 2021.

We have performed our assignment on the basis of article 443-2 of the law of August 10th, 1915 as amended and article 18 of the articles of incorporation of your company, which do not require the statutory auditor to form an opinion on the annual accounts. Consequently, our assignment is neither an audit of the annual accounts in compliance with the International Standards of Auditing, nor a limited review according to the standard ISRE 2400.

The annual accounts for the financial year ending December 31, 2021 close with a balance sheet total of € 27,357,719.57 and a profit of € 9,985,011.21. These annual accounts are drawn up under the responsibility of the Board of Directors and are in accordance with the accounting records and documents submitted to us.

We highlight the fact that we are not able to validate the historical acquisition cost for the financial assets VTS Trading (Shanghai) Co. Ltd WFOE and VTS Clima L.L.C. Such positions are recognized at € 1 respectively in the financial statements.

We have no further comments to make on these annual financial statements.

Luxembourg, the 29th of September 2022,

Compliance & Control



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Compliance & Control | Société anonyme | R.C.S. Luxembourg B 172482

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Note 1 – GENERAL INFORMATION

VTS GROUP S.A. (hereafter the "Company") was incorporated on 20th December 2006 and is organized under the laws of Luxembourg as a limited liability company (Société anonyme) for an unlimited period.

The registered office of the Company is established at 20, Rue de l'Industrie L-8399 Windhof in Luxembourg, Grand Duchy of Luxembourg.

The Company's financial year starts on 1st January and ends on 31st December of each year.

The Company may engage in the international trade of all kinds of heating, ventilation and air conditioning equipment to all companies in which it holds a direct or indirect participation or right of any kind or which form part of the same group of companies as the Company as well as to third parties and the production of heating, ventilation and air conditioning equipment, except for items subject to authorization or prohibited items.

An additional purpose of the Company is the holding activity, in particular: the acquisition of ownership interests, in Luxembourg or abroad, in any companies or enterprises in any form whatsoever and the management of such ownership interests. The Company may in particular acquire by subscription, purchase and exchange or in any other manner any stock, shares and other securities, bonds, debentures, certificates of deposit and other debt instruments and more generally any securities, bonds, debentures, certificates of deposit and other debt instruments and more generally any securities and financial instruments issued by any public or private entity whatsoever, including partnership. It may participate in the creation, development, management and control of any company or enterprise.

The purpose of the Company is also the licensing activity, in particular investing in the acquisition by purchase, registration or in any other manner as well as the transfer by sale, exchange or otherwise, protecting and management of a portfolio of trademarks, patents and other intellectual and industrial property rights of any nature or origin whatsoever, including, in particular, providing marketing activities, executing license agreements with companies in which it holds a direct or indirect participation or right of any kind or which form part of the same group of companies as the Company, quality control and other activities for appropriate use of intellectual and industrial property rights, as well as the holding and management of intellectual and industrial property rights intra - group.

The purpose of the Company is in addition the financial activity. The Company may borrow in any form. It may issue notes, bonds and debentures and any kind of debt and/or securities. The Company may lend funds including the proceeds of any borrowings and/or issues of debt securities to companies in which it holds a direct or indirect participation or right of any kind or which form part of the same group of companies as the Company. It may also give guarantees and grant security interests in favor of third parties to secure its obligations or the obligations of companies in which it holds a direct or indirect participation or right of any kind or which form part of the same group of companies as the Company. The Company may further mortgage, pledge, transfer, encumber or otherwise hypothecate all or some of its assets.

The Company may carry out any commercial, financial or industrial operations and any transactions with respect to real estate or movable property, which directly or indirectly further or relate to its purpose.

On the basis of the criteria set out by the art. 1711-1 §1 of the Luxembourg Company law dated August 10, 1915 as amended subsequently, the Company is required to establish consolidated annual accounts and a consolidated management report for the year ended 31 December 2021. The consolidated accounts are available at the registered address of the Company.

Note 1 - GENERAL INFORMATION (Cont.)

These annual accounts were presented on a non-consolidated basis for the approval of the shareholders during the next annual general meeting.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Note 2.1 - Basis of preparation

These annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention.

Accounting policies and valuation rules are, besides the ones laid down by the Law of 19 December 2002, determined and applied by the Board of Directors.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgment in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. Management believes that the underlying assumptions are appropriate, and the annual accounts therefore present the financial position and results fairly.

Comparability of Annual Accounts for the period ended on December 31, 2020.

In order to ensure adequate comparability across both financial years, the figures relating to the caption "11.b) other interest and similar income" for the year that has ended December 31, 2020, have been reclassified to the caption "11.a) derived from affiliated undertakings".

Note 2.2 - Significant accounting policies

The main valuation rules applied by the Company are as follows:

Note 2.2.1 - Foreign currency translation

The accounting records and annual accounts are prepared in euro (EUR).

Transactions expressed in currencies other than EUR are translated into EUR at the exchange rate effective at the time of the transaction.

Other assets and liabilities are translated separately respectively at the lower or at the higher of the value converted at the historical exchange rate or the value determined on the basis of the exchange rates effective at the balance sheet date. Solely the unrealized exchange losses are recorded in the profit and loss account. The exchange gains are recorded in the profit and loss account at the moment of their realization.

Where there is an economic link between an asset and a liability, these are valued in total according to the method described above and the net unrealized losses are recorded in the profit and loss account and the net unrealized exchange gains are not recognized.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Note 2.2 - Significant accounting policies (Cont.)

Note 2.2.1 - Foreign currency translation (Cont.)

Cash at bank is translated at the exchange rate effective at the balance sheet date. Exchange losses and gains are recorded in the profit and loss account of the year.

Debtors including loans to affiliated undertakings are valued at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Note 2.2.2 - Intangible fixed assets

Intangible fixed assets are valued at purchase price including the expenses incidental hereto or at production cost, less cumulated depreciation amounts written off and value adjustments. These valued adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Note 2.2.3 - Financial fixed assets

Shares in affiliated undertakings are valued at purchase price including the expenses incidental thereto. In case of a durable depreciation in value according to the opinion of the Board of Directors, value adjustments are made in respect of these shares, so that they are valued at the lower figure to be attributed to them at the balance sheet date. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Loans to affiliated undertakings are valued at the lower of nominal value/purchase price including the expenses incidental thereto or market or recovery value. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Note 2.2.4 - Stocks

Inventories of raw materials and consumables are valued at the first in, first out ("FIFO") method. A value adjustment is recorded where the market value is lower than the purchase price. These value adjustments are not continued if the reasons for which the value adjustment were made have ceased to apply.

Note 2.2.5 - Debtors

Debtors are stated at their nominal value.

A value adjustment is recorded when the estimated realizable value is lower than the nominal value. The realizable value is estimated on the basis on the information available to the Board of Directors. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Note 2.2.6 - Prepayments

This asset item includes expenditures incurred during the financial year but relating to a subsequent financial year.

Note 2.2.7 - Creditors

Creditors are recorded at their reimbursement value. If the reimbursable amount exceeds the amount received, the difference is shown in an assets caption and amortized on a linear basis.

Note 2.2.8 - Income and expenses

Income and expenses are recorded on an accrual basis in the year to which they relate.

Note 3 - INTANGIBLE FIXED ASSETS

The intangible fixed assets are comprised as follows:

	2021 (EUR)	2020 (EUR)
Gross book value – opening balance	11,242,798.77	11,242,798.77
Additions for the year	0.00	0.00
Disposals for the year	0.00	0.00
Gross book value – closing balance	11,242,798.77	11,242,798.77
Accumulated value adjustment – opening balance	(11,242,798.77)	(10,441,941.84)
Allocations for the year	0.00	(800,856.93)
Reversals for the year	0.00	0.00
Accumulated value adjustment – closing balance	(11,242,798.77)	(11,242,798.77)
Net book value – closing balance	0.00	0.00
Net book value – opening balance	0.00	800,856.93

Note 4 - FINANCIAL FIXED ASSETS

The financial fixed assets are composed of shares in affiliated undertakings in which the Company owns at least twenty per cent of the share capital, and deposits & guarantees.

As at December 31st 2021, the financial fixed assets can be detailed as follows:

	Shares in affiliated undertakings (*)	Deposits & guarantees	Total 2021	Total 2020
			(EUR)	(EUR)
Gross book value - opening balance	39,666,266.77	0.00	39,666,266.77	27,631,914.52
Additions for the year	0.00	19,469.55	19,469.55	12,572,684.71
Disposals for the year	0.00	0.00	0.00	(538,332.46)
Gross book value - closing balance	39,666,266.77	19,469.55	39,685,736.32	39,666,266.77
Acc. value adjustment – opening balance	(30,253,603.94)	0.00	(30,253,603.94)	(17,344,297.26)
Allocations for the year	(2,013,355.33)	0.00	(2,013,355.33)	(13,186,982.91)
Reversals for the year	474,017.19	0.00	474,017.19	277,676.23
Acc. value adjustment – closing balance	(31,792,942.08)	0.00	(31,792,942.08)	(30,253,603.94)
Net book value - closing balance	7,873,324.69	19,469.55	7,892,794.24	9,412,662.83
Net book value - opening balance	9,412,662.83	0.00	9,412,662.83	10,287,617.26

Note 4 - FINANCIAL FIXED ASSETS (Cont.)

(*) The companies in which the Company holds at least 20% of the capital or in which it is jointly and severally liable are the following:

Company name	Registered address	Capital held fraction	Gross book value at 31/12/2021	Value adjustment at 31/12/2021	Net book value at 31/12/2021	Share of net asset value as of December 31, 2021 (incl. result of the year) attributable to the Company		Share of result as of December 31, 2021 for the year attributable to the Company	
						EUR	EUR	EUR	EUR
VTS SP Z.o.o.	Poland	100%	1,045,669.00	0.00	1,045,669.00	11,256,312.65 (*)	5,040,994.56 (*)		
VTS Polska SP Z.o.o.	Poland	100%	820,167.00	(2,939.12)	817,227.88	817,227.88 (*)	1,542,398.94 (*)		
VTS OOO	Russia	100%	119,260.22	0.00	119,260.22	857,813.32 (*)	850,354.90 (*)		
VTS Plant SP Z.o.o.	Poland	100%	5,380,407.41	(236,864.19)	5,143,543.22	5,143,543.22 (*)	4,341,037.84 (*)		
VTS Ukraine Ltd Liability Company	Ukraine	100%	1,000,001.00	(743,679.99)	256,321.01	256,321.01 (*)	222,796.52 (*)		
VTS Trading (Shanghai) Co. Ltd WFOE	China	100%	1.00	0.00	1.00	16,864.83 (*)	4,959,406.85 (*)		
Shangai VTS Clima Air Conditioning WFOE	China	100%	1,907,045.56	(1,894,446.95)	12,598.61	12,566.38 (*)	(3,416,345.46) (*)		
VTS Clima L.L.C.	UAE	49%	1.00	0.00	1.00	1,033,062.06 (*)	64,820.77 (*)		
VTS Clima Gulf FZCO	UAE	83%	5,910,058.6	(5,910,057.6)	1.00	(3,419,798.62) (*)	(472,199.25) (*)		
Subtotal (A)			16,182,610.79	(8,787,987.85)	7,394,622.94	15,973,867.58	13,133,265.67		

Note 4 - FINANCIAL FIXED ASSETS (Cont.)

Company name	Registered address	Capital held fraction	Gross book value at 31/12/2021	Value adjustment at 31/12/2021		Net book value at 31/12/2021	Share of net asset value as of December 31, 2021 (incl. result of the year) attributable to the Company		Share of result as of December 31, 2021 for the year attributable to the Company
				EUR	EUR		EUR	EUR	
VTS Ventus India Private limited	India	99%	170,443.05	(170,442.05)	1.00	(488,806.60) (*)	EUR	5,902.56 (*)	
VTS TF Air Systems (P) LTD	India	99,90%	8,347,220.14	(8,009,814.80)	337,405.34	337,408.86 (*)	EUR	74,170.06 (*)	
VTS Kazakhstan LLP	Kazakhstan	100%	492.00	0.00	492.00	494,188.83 (*)	EUR	239,706.16 (*)	
VTS Chile SPA	Chile	100%	23,296.99	(6,405.37)	16,891.62	16,891.62 (*)	EUR	(42,696.47) (*)	
VTS Clima WLL	Qatar	49%	48,810.79	0.00	48,810.79	99,162.24 (*)	EUR	25,808.08 (*)	
VTS America Inc.	USA	100%	14,818,293.01	(14,818,292.01)	1.00	(7,713,011.47) (*)	EUR	(1,375,529.82) (*)	
VTS LC SP Z.o.o.	Poland	100%	75,100.00	0.00	75,100.00	622,616.00 (*)	EUR	447,908.98 (*)	
Subtotal (B)			23,483,655.98	(23,004,954.23)	478,701.75	(6,631,550.52)		(624,730.46)	
Total (A) + (B)			39,666,266.77	(31,792,942.08)	7,873,324.69	9,342,317.05		12,508,535.21	

(*) Figures as at 31 December 2021 have been converted with the below exchange rates:

- EUR 1.00 for 84.3342 Russian Ruble ("RUB")
- EUR 1.00 for 4.09246 Qatari Rial ("QAR")
- EUR 1.00 for 492.402 Kazakhstani Tenge ("KZT")
- EUR 1.00 for 84.2083 Indian Rupee ("INR")
- EUR 1.00 for 30.5687 Ukrainian Hryvnia ("UAH")
- EUR 1.00 for 4.15879 UAE Dirham ("AED")
- EUR 1.00 for 1.1324 United States Dollar ("USD")
- EUR 1.00 for 961.255 Chilean Peso ("CLP")
- EUR 1.00 for 7.2139 Chinese Yuan ("CNY")
- EUR 1.00 for 4.59202 Poland Zloty ("PLN")

Note 5 - STOCKS

The stocks are comprised as follows:

	2021 (EUR)	2020 (EUR)
Gross book value – opening balance	87,034.39	59,079.91
Additions for the year	681,851.54	227,880.05
Disposals for the year	(631,095.41)	(199,925.57)
Gross book value – closing balance	137,790.52	87,034.39
Accumulated value adjustment – opening balance	(892.80)	(1,421.58)
Allocations for the year	0.00	0.00
Reversals for the year	0.00	528.78
Accumulated value adjustment – closing balance	(892.80)	(892.80)
Net book value – closing balance	136,897.72	86,141.59
Net book value – opening balance	86,141.59	57,658.33

Note 6 - DEBTORS

The receivables becoming due and payable within one year consist of:

	2021 (EUR)	2020 (EUR)
Amounts owed by affiliated undertakings - Loans (*)	4,688,688.77	4,156,140.50
Amounts owed by affiliated undertakings - Accrued interests (*)	383,717.27	238,793.51
Amounts owed by affiliated undertakings - Dividends receivable	150,140.00	646,775.00
Amounts owed by affiliated undertakings - Royalties receivable	2,133,742.58	3,833,584.08
Amounts owed by affiliated undertakings - Other receivables	64,663.24	49,563.84
Direct tax authorities	113,971.78	64,454.66
Indirect tax authorities	87,354.12	26,367.23
Miscellaneous receivables	0.00	279.06
Total (A)	7,622,277.76	9,015,957.88

The receivables becoming due and payable after more than one year consist of:

	2021 (EUR)	2020 (EUR)
Miscellaneous receivables	0.00	19,469.55
Total (B)	0.00	19,469.55
Total debtors (A) + (B)	7,622,277.76	9,035,427.43

Note 6 - DEBTORS (Cont.)

(*) As of December 31st, 2021, the amounts owed by affiliated undertakings consist mainly in the following loans and accrued interests granted by the Company to its affiliated undertakings:

Name of the company	Loan n°	Maturity date	Original amount in loan currency	Outstanding amount at 31/12/2021 (EUR)	Interest rate	Accrued interest at 31/12/2021 (EUR)	Interest income recorded at P&L for the year 2021 (EUR)
VTS America Inc	149	31/12/2022	EUR 80,000.00	Repaid	EURIBOR 1Y + 1,00%	427.02	0.00
VTS America Inc	241	31/12/2022	USD 370,000.00	327,323.55	LIBOR USD 1Y +3.80%	40,839.37	12,844.67
VTS America Inc	242	31/12/2022	USD 1,000,000.00	884,658.26	LIBOR USD 1Y +3.80%	100,093.64	34,715.33
VTS America Inc	246	31/12/2022	USD 530,000.00	468,868.88	LIBOR USD 1Y +3.80%	44,760.01	18,399.13
VTS America Inc	253	31/12/2022	USD 150,000.00	132,698.74	LIBOR USD 1Y +3.80%	11,021.53	5,207.30
Total (A)				<u>1,813,549.43</u>		<u>197,141.57</u>	<u>71,166.43</u>
VTS Clima Gulf FZCO	229	31/12/2022	USD 500,000.00	442,329.13	LIBOR USD 1Y +1.50%	36,504.54	7,364.65
VTS Clima Gulf FZCO	231	31/12/2022	USD 500,000.00	442,329.13	LIBOR USD 1Y +1.50%	35,684.16	7,364.65
VTS Clima Gulf FZCO	234	31/12/2022	USD 1,160,000.00	1,026,203.58	LIBOR USD 1Y +1.50%	82,787.25	17,085.98
VTS Clima Gulf FZCO	243	31/12/2022	USD 1,100,000.00	486,562.04	LIBOR USD 1Y +1.50%	22,511.49	8,101.11
VTS Clima Gulf FZCO	255	31/12/2022	USD 500,000.00	300,783.81	LIBOR USD 1Y +1.50%	7,801.75	5,007.96
VTS Clima Gulf FZCO	266	31/12/2022	USD 200,000.00	176,931.65	LIBOR USD 1Y +1.50%	1,286.51	2,945.86
Total (B)				<u>2,875,139.34</u>		<u>186,575.7</u>	<u>47,870.21</u>
Total (A) + (B)				<u>4,688,688.77</u>		<u>383,717.27</u>	<u>119,036.64</u>

Note 7 - PREPAYMENTS

This caption consists in expenditures incurred during the financial year but relating to a subsequent financial year for a total amount of EUR 10,214.06 (2020: EUR Nil).

Note 8 - SUBSCRIBED CAPITAL

As of December 31st, 2021, the subscribed capital amounts to EUR 2,500,000.00 divided into 1,250,000 shares with a nominal value of EUR 2.00 fully paid up. The authorized capital is set at EUR 3,500,000.00.

Note 9 - RESERVES

Note 9.1 - Legal Reserve

The Company is required to allocate a minimum of 5% of its annual net income to a legal reserve, until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

Note 10 - MOVEMENTS OF EQUITY CAPTIONS

The movements for the financial year are as follows:

	Share capital	Share premium account	Legal reserve	Profit or loss brought forward	Profit or loss for the financial year	Total
	EUR	EUR	EUR	EUR	EUR	EUR
As at 31/12/2020	2,500,000.00	5,567,869.49	250,000.00	5,086,333.87	(7,322,583.29)	6,081,620.07
Allocation of previous years' profit or loss	0.00	0.00	0.00	(7,322,583.29)	7,322,583.29	0.00
Profit for the year	0.00	0.00	0.00	0.00	9,985,011.21	9,985,011.21
As at 31/12/2021	2,500,000.00	5,567,869.49	250,000.00	(2,236,249.42)	9,985,011.21	16,066,631.28

Note 11 - CREDITORS

Creditors becoming due and payable within one year consist of:

	2021 (EUR)	2020 (EUR)
Amounts owed to affiliated undertakings – Loans (*)	9,646,999.13	10,855,832.46
Amounts owed to affiliated undertakings – Accrued interests (*)	202,476.67	151,859.87
Amounts owed to affiliated undertakings – Other payables	153,470.04	458,075.07
Amounts owed to affiliated undertakings – Dividends payable	900,000.00	2,318,750.11
Staff payable	137,287.30	141,000.00
Trade creditors	156,497.10	163,867.78
Direct tax authorities	82,959.90	85,662.83
Indirect tax authorities	11,398.15	11,629.56
Total (A)	11,291,088.29	14,186,677.68

Note 11 - CREDITORS (Cont.)

(*) As of December 31st, 2021, amounts payable to affiliated undertakings consist mainly of the following loans and accrued interests due to affiliated undertakings of the Company:

Name of the company	Loan n°	Maturity date	Original amount in loan currency	Outstanding amount at 31/12/2021 (EUR)	Interest rate	Accrued interest at 31/12/2021 (EUR)	Interest expenses recorded at P&L for the year 2021 (EUR)
VTS SP Z.o.o.	90	31/12/2022	EUR 2,500,000.00	224,524.91	EURIBOR 1Y + 1,30%	4,027.40	1,976.61
VTS SP Z.o.o.	92	31/12/2022	EUR 150,000.00	150,000.00	EURIBOR 1Y + 1,30%	2,690.62	1,320.53
VTS SP Z.o.o.	121	31/12/2022	EUR 1,000,000.00	1,000,000.00	EURIBOR 1Y + 1,30%	17,937.40	8,803.50
VTS SP Z.o.o.	187	31/12/2022	EUR 360,000.00	360,000.00	EURIBOR 1Y + 1,30%	6,457.44	3,169.26
VTS SP Z.o.o.	197	31/12/2022	EUR 50,000.00	Repaid	EURIBOR 1Y + 1,30%	287.94	0.00
VTS SP Z.o.o.	230	31/12/2022	EUR 280,000.00	280,000.00	EURIBOR 1Y + 1,30%	5,022.47	2,464.98
VTS SP Z.o.o.	236	31/12/2022	EUR 2,300,000.00	2,300,000.00	EURIBOR 1Y + 1,30%	41,256.02	20,248.06
VTS SP Z.o.o.	251	31/12/2022	EUR 800,000.00	530,000.00	EURIBOR 3M + 2,00%	15,914.26	4,665.86
VTS SP Z.o.o.	190	31/12/2022	USD 1,050,000.00	193,699.02	LIBOR USD 1Y + 1,30%	7,014.63	2,977.13
VTS SP Z.o.o.	192	31/12/2022	USD 500,000.00	442,329.13	LIBOR USD 1Y + 1,30%	16,018.52	6,798.55
VTS SP Z.o.o.	193	31/12/2022	USD 570,000.00	504,255.21	LIBOR USD 1Y + 1,30%	18,261.08	7,750.34
VTS SP Z.o.o.	196	31/12/2022	USD 200,000.00	Repaid	LIBOR USD 1Y + 1,30%	2,153.56	0.00
VTS SP Z.o.o.	200	31/12/2022	USD 300,000.00	265,397.48	LIBOR USD 1Y + 1,30%	9,611.13	4,079.13
VTS Plant Sp Z.o.o.		31/12/2022	EUR 200,000.00	Repaid	EURIBOR + 1,30%	2,411.39	2,411.39
Total (A)				6,250,205.75		149,063.86	66,665.33

Note 11 - CREDITORS (Cont.)

(*) As of December 31st, 2021, amounts payable to affiliated undertakings consist of the following agreements:

Name of the company	Loan n°	Maturity date	Original amount in loan currency	Outstanding amount at 31/12/2021 (EUR)	Interest rate	Accrued interest at 31/12/2021 (EUR)	Interest expenses recorded at P&L for the year 2021 (EUR)
VTS Polska Sp Z.o.o.	214	31/12/2022	EUR 500,000.00	Repaid	EURIBOR 1Y + 1,30%	1,828.39	0.00
VTS Polska Sp Z.o.o.	222	31/12/2022	EUR 600,000.00	Repaid	EURIBOR 1Y + 1,30%	4,388.10	0.00
VTS Polska Sp Z.o.o.	224	31/12/2022	EUR 300,000.00	Repaid	EURIBOR 1Y + 1,30%	2,194.07	0.00
VTS Polska Sp Z.o.o.	228	31/12/2022	EUR 400,000.00	400,000.00	EURIBOR 1Y + 1,30%	3,240.42	6,131.00
VTS Polska Sp Z.o.o.	232	31/12/2022	EUR 600,000.00	600,000.00	EURIBOR 1Y + 1,30%	4,860.60	9,196.50
VTS Polska Sp Z.o.o.	250	31/12/2022	EUR 2,940,000.00	1,470,000.00	EURIBOR 1Y + 2,00%	21,347.35	22,531.43
VTS Polska Sp Z.o.o.	223	31/12/2022	USD 600,000.00	484,464.25	LIBOR USD 1Y + 1,30%	8,445.39	7,771.31
VTS Polska Sp Z.o.o.	233	31/12/2022	USD 500,000.00	442,329.13	LIBOR USD 1Y + 1,30%	7,108.49	7,095.42
Total (B)				3,396,793.38		53,412.81	52,725.66
Total (A) + (B)				9,646,999.13		202,476.67	119,390.99

Note 12 - GROSS PROFIT OR LOSS

The gross profit consists of the following expenses and incomes:

	2021 (EUR)	2020 (EUR)
Office and administrative supplies	0.00	(5,618.80)
Purchases of merchandise	(1,142.22)	(1,202.99)
Changes in invent. of consum. mat.&supp.	(239,654.57)	(191,774.99)
Land	(61,051.59)	(66,715.03)
Office rent Gateway	0.00	(4,844.58)
Service charges and co-ownership expense	(12,089.47)	0.00
Electricity & water fees	0.00	(126.82)
Rolling stock	0.00	(580.71)
IT processing	(38,179.58)	(14,632.58)
Bank account charges	(3,204.36)	(6,851.62)
Legal fees	(81,847.42)	(144,134.32)
Notary fees	(4,236.78)	(1,725.16)
Services of competence	(158,626.96)	(455,297.90)
Legal fees - Subsidiaries	(37,938.41)	0.00
Accounting fees	(38,670.00)	(29,246.29)
Audit fees	(67,483.76)	(20,192.43)
Tax consulting fees	(26,488.73)	(51,369.00)
Accounting fees - Subsidiaries	(21,273.78)	0.00
Other professional fees	(107,209.62)	(112,912.46)
Administrative fees	0.00	(12,415.26)
Domiciliation and Management fees	0.00	(6,916.65)
Professional Fees	(6,773.00)	(12,763.66)
Payroll Fees	(8,436.09)	0.00
Professional fees	(31,278.90)	(18,247.29)
Advisory fees	(267,201.36)	(10,987.60)
Personal Directorship services	(423.57)	0.00
Insurance	(1,098.50)	(1,769.07)
Total (A)	(1,214,308.67)	(1,170,325.21)

Note 12 - GROSS PROFIT (Cont.)

	2021 (EUR)	2020 (EUR)
Ethernetline	(5,850.00)	0.00
VAT return fees	0.00	(3,510.00)
Oth.remun. of intermediaries & prof.fees	(275.00)	0.00
Other insurances	(1,609.25)	0.00
Press advertising	(1,990.00)	0.00
Other purchases of advertising services	(2,680.63)	0.00
Travel expenses	0.00	(13,660.79)
Travel expenses (salary)	(26,428.46)	0.00
Postal charges	(37.65)	(13.20)
Telephone and other telecommunication co	(24,638.91)	(29,498.70)
Transportation of purchased goods	(23,588.23)	(71.08)
Other transportation	(5,494.49)	(115.00)
Temporary staff	(20,584.58)	(656.64)
Office supplies	(54.11)	(2,071.28)
Small equipment	(46.54)	0.00
Chamber of Commerce	(169.50)	(140.00)
Other miscellaneous external charges	0.00	(2,050.00)
Sales of merchandise	594,715.76	476,163.84
Trademarks and franchises	2,526,267.34	2,068,021.13
Trademarks and franchises – value adjustment on trade receivable	(1,740,914.45)	0.00
Total (B)	1,266,621.30	2,492,398.28
Total (A) + (B)	52,312.63	1,322,073.07

Note 13 - STAFF

The company had an average of 5 employees during the financial year 2021 (2020: 5 employees).

Note 14 - INCOME FROM PARTICIPATING INTERESTS

As of December 31st, 2021, income from participating interests correspond to dividends from affiliated undertakings detailed as follows:

	2021 (EUR)	2020 (EUR)
VTS Polska sp.Zoo	2,255,213.96	1,204,090.57
VTS OOO	971,464.57	723,859.04
VTS Plant SP Z.o.o.	3,891,191.41	3,179,920.31
VTS Kazakhstan LLP	235,333.81	113,365.15
VTS SP Z.o.o.	3,883,319.79	2,070,722.66
VTS Ukraine Ltd	150,140.00	0.00
VTS LC SP Z.o.o.	0.00	111,210.21
Total	11,386,663.54	7,403,167.94

Note 15 - OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

Other interest receivable and similar income correspond to interest income on loans to affiliated undertakings (see note 6) and to currency exchange gains, detailed as follow:

	2021 (EUR)	2020 (EUR)
<i>Derived from affiliated undertakings</i>		
Interests on amounts owed by affiliated undertakings	119,036.64	628,019.14
Currency exchange gains	515,496.11	582,709.67
Total (A)	634,532.75	1,201,578.87
<i>Other interest and similar income</i>		
Discounts received	0.11	0.00
Currency exchange gains	54,467.91	9,149.94
Total (B)	54,468.02	9,149.94
Total (A) + (B)	689,000.77	1,210,728.81

Note 16 - INTEREST PAYABLE AND SIMILAR EXPENSES

Interest payable and similar expenses correspond to interest expense on loans granted from affiliated undertakings (see note 11) and to currency exchange losses, detailed as follow:

	2021 (EUR)	2020 (EUR)
Concerning affiliated undertakings		
Loss on disposal of shares in affiliated undertakings	0.00	(1,515,526.34)
Interests on amounts owed to affiliated undertakings	(119,390.99)	(157,361.31)
Currency exchange losses	(111,939.05)	(1,217,312.89)
Total (A)	(231,330.04)	(2,890,202.54)
Other interest and similar expenses		
Currency exchange losses	(48,418.15)	(1,484.20)
Total (B)	(48,418.15)	1,484.20
Total (A) + (B)	(279,748.19)	(2,891,686.74)

Note 17 - TAXATION

The Company is subject to general tax regulations applicable to all Luxembourg "Commercial Companies".

As at December 31st, 2021, other taxes are detailed as follows:

	2021 (EUR)	2020 (EUR)
Withholding tax on directorship services	2,000.00	5,602.83
Withholding tax on dividend distributions	80,469.77	0.00
Net Wealth Tax – current year	30,405.00	40,030.00
Total	112,874.77	45,632.83

Note 18 - ADVANCES OR CREDIT GRANTED TO MANAGERS

As of December 31st, 2021, no advances or credit were granted to the Directors of the Company.

Note 19 - RELATED PARTY TRANSACTION

Significant transactions entered into with related parties are related to financing and commercial activities (see notes 6, 11, 14, 15 and 16).

Note 20 - EMOLUMENTS GRANTED TO THE MEMBERS OF THE MANAGEMENT

The amount of the emoluments granted in respect of the financial period to the Directors of the Company amounted to EUR 8,423.53 (2020: EUR 18,249.65)

Note 21 - OFF-BALANCE SHEET COMMITMENTS

The Company has no off-balance sheet commitments.

Note 22 - SUBSEQUENT EVENTS

At the end of 2019, news from China regarding the coronavirus (SARS-CoV-2 virus) appeared for the first time. In the first months of 2020, the virus spread worldwide and its negative impact gained momentum. In 2021, the management board of the entities monitored the situation and took steps to limit the negative impact of the pandemic on the financial property and liquidity situation of the entities. The management board looked for ways to minimize the negative impact of covid-19 in the area of the supply chains, order levels and cost reduction.

The entities belonging to VTS Group obtain a large part of the components from China, which are used in the production process, and minor disruptions in the supply chain in 2021 (caused by a global epidemic) did not adversely affect the unit's operations. In 2021, the costs of transporting components from China increased significantly, which had a negative impact on the level of acquisition costs. The companies are taking steps to reduce acquisition costs.

The VTS companies will continue to monitor the potential impact of covid-19 on the operations in 2022 and will take all reasonable steps to mitigate any adverse effects on the entity. The management board of the entities take into account in an impartial and realistic manner the possible negative consequences of the development of the pandemic, i.e. the risk related to the further course of COVID-19.

On October 21, 2020, the board of Directors of the Company resolved to liquidate the affiliated undertaking Shanghai VTS Clima Air Conditionning Equipment Co., Ltd. On January 20, 2022, the liquidation of the company Shanghai VTS Clima Air Conditionning Equipment Co., Ltd became effective and it ended with a liquidation proceed of EUR 12,583.15 (USD 14,266.77 equivalent) that was paid on the bank account of VTS GROUP S.A. at the same date.

On March 30, 2021, the board of Directors of the Company resolved to liquidate the affiliated undertaking VTS Trading (Shanghai) Co., Ltd. On January 20, 2022, the liquidation of the company VTS Trading (Shanghai) Co., Ltd became effective and it ended with a liquidation proceed amounting to EUR 16,843.00 (USD 19,097.73 equivalent) that was paid on the bank account of VTS GROUP S.A. at the same date.

Note 22 - SUBSEQUENT EVENTS (Cont.)

On February 24, 2022, Russia's invasion of Ukraine began, which resulted in a decrease in the revenues of European Producers (VTS Sp. z o.o. and VTS Plant Sp. z o.o.) from sales to Distributors from Ukraine and Russia in 2022. In compliance with the Council Regulations (EU), VTS Sp. z o.o. and VTS Plant Sp. z o.o. will sell its products to the Russian Distributor only until July 10, 2022 which will result in a significant reduction in sales revenues (by approx. 20% for VTS Sp. z o.o. and 50% for VTS Plant Sp. z o.o.) and a reduction in the Companies' profitability. The Management Board of those entities do not see a threat to the continuation of operations and loss of financial liquidity, as VTS Sp. z o.o. and VTS Plant Sp. z o.o. constantly expands markets for products and shows high profitability. Nevertheless, the Companies' revenues, due to the discontinuation of sales of products to the Russian Distributor as of July 10, 2022, will decrease by approx. 20%-50%, which will entail a temporary decrease in the Company's profitability. The companies will reduce costs by adjusting their level to the new conditions.