

# VLOPES

## 2019 ANNUAL REPORT

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**VLOPES**

**ANNUAL REPORT  
2019**

# A WORLD OF CLEAN AIR



With headquarter located in Portugal, we have offices in France and Denmark, but the clean air coming from our work is breathable in projects throughout the world.

A growing number of buildings rely on VLoopes products branded under OCRAM to master clean air. With eyes set on the future, we commit ourselves to use every opportunity to improve sustainability.

We have an entire world of clean air solutions.



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# MESSAGE FROM THE CEO

Last year might have been the last of normal times as we knew them. We entered 2020 as in a parallel reality that we're still grasping to fully understand. But it is time now to make the last balance of those times of normality. And we are embracing this as a wonderful opportunity while learning alternative ways of living in society. About this new fiction'd reality brought upon us by COVID-19, we will surely be able to tell in the next report, giving our minds some space to understand history unfolding before our eyes.

In 2019 we celebrated 22 years of existence in a market that we fight every day to conquer. We got acquainted with clients' deepest concerns and made them our own. We deployed our solutions to different latitudes and expanded our vision. We worked collectively to build and uphold a trustworthy and reliable company in the long-term.

Our growth results for 2019 are very pleasing and an obvious demonstration of our execution capabilities. This volume is a direct consequence of a deeper understanding of our own business and our route-to-market. Our updates with fresh and innovative insights, addressing more stable and developed economies, promote our brand farther than before.

We are moving to the new



*We are moving to the new facilities, built with an initial investment of over 2M€. This ambitious project is a historical turning point for our company.*

facilities, built with an initial investment of over 2M€. This ambitious project is a historical turning point for our company and a notorious transition towards a more solid identity in the market.

Another transcending fact of 2019 was the recently gained projection and market share for the NPS - Nano Purifying System. The technology for the air purification projected during 2012 has arrived at the harvesting period. Gaining Sonae MC trust has opened the last gate to enter the market. We prepared a dedicated production line for standard products like NPS.

There are new series of equipment entering the national and international market dedicated to HVAC areas, such as Compact Air Handling Units or Ventilation boxes, and air purification technology aimed at different market segments.

In Central Management Controls and Electrical Boards, we responded to new and bigger challenges. We expanded the department's team, including new members, to welcome more projects and provide an effective response. Reaching further to other markets and new customers are followed by careful support.

Our healthy relationship with the Indian market grew stronger. We kept producing Air Handling Units for the biggest vaccine producer in the world, and now other clients joined in number. French and Danish market is widening and allows us the presence in many important projects.

2019's individual business turnover of Vieira Lopes Lda has been



4.902.825,32€, a slight correction in the face of 2018 (8,0%) because of the growing autonomy of international operations of the group. The individual liquid result reached 569.769,69€, translating a significant increase of 139,2% in face of the previous year (238.215,67€ in 2018).

The EBITDA grew tremendously when compared to 2017. The individual production having external market as a destination ascended to 3.096.458,04€, representing 63,2% of the individual business volume of the company.

Technological equipment for acclimatization originated by the OCRAMclima project now represents close to a half (45,1%) individual business turnover. The business volume for Vieira Lopes Group reached 10.470.403,32€, maintaining a solid trend.

In 260 business days we could produce 400 Air Handling Units for service buildings with Eurovent and ILH Berlin Certification for hospitals and clean rooms; 20 NPS Master were built to equip exhaustion systems; 30 versions for Compact Air Handling Units and 20 versions for ventilation boxes were launched. We planned and built 70 distinct orders for electrical boards, adding 30 new Central Management Systems for different projects and buildings. VLopes holds decades of knowledge and experience but acts as a modern company, reinventing itself continuously.



*The EBITDA grew tremendously when compared to 2017. The individual production having external market as a destination ascended to 3.096.458,04€, representing 63,2% of the individual business volume of the company.*

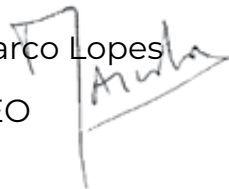
The company having Air Handling Units as the core business is in permanent evolution, feeling the beat of the world and heading towards new challenges.

Partnering with clients, we are challenging the most vibrant and creative minds for new ideas, whatever the department is. We are confident in our team, and that each member is the right one. People are our company's most important asset: they are the support; the shape of the company and take the brand further.

To all my gratitude and respect. May we all keep fighting together in good health during 2020 and the years to come!

Marco Lopes

CEO

A handwritten signature in blue ink, appearing to read 'Marco Lopes', written over a light blue horizontal line.

# VISION

Our vision is to grow into a world-renowned company as a synonym for customized, holistic, and smart air purification solutions.

# MISSION

Develop and support a solid company structure with qualified, informed, responsible, and happy employees focused on the client.

Being a reliable partner for each client, using experience and know-how to create made to measure solutions for each building, securing optimal indoor air quality anywhere in the world.

Market a whole line of innovative, high-quality, and efficient products for sensitive indoor environment, with low environmental impact thus contributing to enhancing good health and quality of life for every people.

Working continuously to the international expansion of VLopes. Speaking global, becoming global!



### People in first-place

We seek to foster a well-balanced, inspiring environment where each employee can thrive and take new challenges.



### Innovation & Know-how

Innovating and challenging the limits are part of our DNA, so we can build smarter solutions, and grow sustainably.



### Quality

Committed to quality in all strands of our activity, we know that indoor air quality can be achieved only through the excellence products and services.



### Flexibility

We work side by side with the most demanding client, determined to overcome limits, short the distance and bring the right answer wherever needed.



### Responsibility

Working to the quality of life of every people in the world with energy efficient environments and products for healthy, clean environment, fostering the healing process and life.

# VALUES

We ground our work and behaviour on core values and principles. These policies define our performance and positioning across all areas in a responsible manner.

# CORPORATE INCOME STATEMENT 2019

## EXECUTIVE SUMMARY

VIEIRA LOPES sustained the economical and financial position reached through the broad product portfolio focused on technological solutions for air control, treatment and purification; OCRAMclima increasing reputation both in Portuguese and international markets, focused on energy-efficient ventilation product, and innovative developments have been the drive behind the financial and strategic position the company holds today; and a strong take on international operations with strategic interest, namely the expansion on the Indian market.

## Key Highlights for the Year 2019

- ▶ Company's turnover in 2019 reached EUR 4 902 825,32 a slight correction due to internal market maturity and the group's international operation;
- ▶ The Net consolidated result has more than doubled over previous year, reaching EUR 569 769,69 and strengthening the solidity and stability trend.
- ▶ EBITDA stood at EUR 891 256,31, thus translating a 66,1% growth in face of 2018;
- ▶ As a percentage of turnover, EBITDA reached 18,2%, translation a liquid growth of 8,1 percentage points when compared to the previous year; and of 10,1 percentage points in face of 2017:
- ▶ Individual production with external markets as destination reached EUR 3 096 458,04;
- ▶ External markets were responsible for 63,2% of individual business volume for the company, aligned with previous year;
- ▶ Sales derived from equipment of control, treatment and air purification produced by the OCRAMclima project ascended to EUR 2 211 884,02, corresponding to 45,1% of individual business volume for the company.



# 1. VIEIRA & LOPES GROUP ACTIVITY

Vieira & Lopes Group here referred to as VL - with headquarters located at Rua da Quintã, 8/10 Frossos, Braga – and Social Capital of 500.000 EUROS, was founded in 1998 and businesses are currently focused on manufacturing, distributing and installation of technological solutions for control, treatment, purification and air acclimatization.

The following annual consolidated report expresses, in the most appropriate manner, the financial statement and the business results, regarding the economic period ending on the 31st of December of 2019.

Written accordingly to 66th Code of the Portuguese Code of Business Companies (Código das Sociedades Comerciais – CSC), this document comprises an accurate, clear and concise analysis of the business evolution, performance, and financial position, properly framed by the inherent complexity of company's activity, including the inbuilt uncertainties and risk of the trade it pertains to.

The accompanying financial statements are related to individual financial demonstrations.

## 2. MACROECONOMIC DEVELOPMENT IN 2019

### 2.1. GLOBAL ASSESSMENT

2019 made clear the effects of economic slowdown of International Commerce already registered during the previous year. The impact of introduced protectionist measures and, most of all, the uncertainty generated by the commercial dispute between United States and China, to name but two opponents, were enough to limit business investment and economic growth as well.

2019 made clear the effects of the economic slowdown of International Commerce already registered during the previous year. The impact of introduced protectionist measures and, most of all, the uncertainty generated by the commercial dispute between the United States and China, to name but two opponents, were enough to limit both business investment and economic growth. The economic stance has been dominated by uncertainty. The Economic cycle showed evidence of maturity. 2019 has also been a year in which Business Investment performed less favourable, reflecting a feeble World Aggregate Demand and a slight political willingness towards expansionist fiscal policy.

World Economy is thought to have increased 2,9%, at a slower pace since the financial crisis. Advanced Economies have grown 1,7% while the Emerging ones registered a 3,7% expansion. Global financial conditions were gradually accommodative.

Euro Zone registered a moderate expansion, around 1,2% and investment revealed less activity and uncertainty. Less External Demand towards the industrial sector, structural challenges in the automotive industry as well as the undefinition exhibited by some technological segments were notably felt.

The Service Sector was resilient and growth was supported by private consumption. New leadership for the European Institutions has been elected in May. The goal for price stability, though, has not been secured by BCE and inflation registered 1,2%. For the third consecutive year, the economic, political and social context in the UK has been dominated by Brexit. Political evolution led to an exit deal with the European Union, fixing the 31st of January 2020 as the formal date for separation.



The economy is estimated to have grown 1,3%. Sweden, as an exterior open economy, reflected a less favourable international scenario and uncertainty from the commercial dispute. Central Bank took a different position from the remaining and started the normalization process of monetary policy. The Scandinavian economy is estimated to have grown 0,9% during 2019.

The United States is estimated to have grown at a 2,3% rate, decreasing in face of the 2,9% registered during 2018 - the lower increment in three years - and reflecting a minor contribution from fiscal cuts since the current administration's mandate started; the impacts from commercial conflict with China had consequences on business investment, industrial production, and global economic slowdown. Still, the world's largest economy increased employment, leading to a 3,5% unemployment rate - the lowest in the last 50 years. Private Consumption, which is responsible for 70% of North American economic activity, had a positive evolution. Inflation has reached the 2,0% goal. Japan is estimated to have expanded 1,0% in 2019, performing better on private consumption and showing more powerful levels of investment throughout the year. An increase in consumption taxes, during October, affected the economic activity, which led the executive to implement compensation measures in December.

Australia, on the other hand, is estimated to have grown 1,7%, less than 2018, a possible reflection of China's evolution, but also the drought and wildfires that hit the country towards the end of the year.

Emerging and Developing Economies grew less in 2019. China followed the trend of structural slowdown, seen in 2017: growth at a 6,1% rhythm after 6,6% in 2018. The year was dominated by the commercial dispute with the United States, the mutual trade taxes, and Huawei conflict management. Countermeasures took place to mitigate the economic impact, more acute in China due to the trade pattern between both countries. A certain degree of distension has been reached through a limit agreement, signed by both parts.

India has decreased the most, among Emerging Economies, reflecting the lower performance of Internal Demand, affected by credit market instability. It is estimated to have grown 4,8% when projections in the previous year forecasted an increase of 7,5%.

Latin America has been the background of aggravated social protests during 2019. The plunge in commodity prices impact became evident. As a region, it is thought to have grown around 1,0%. Mexico was stagnant in 2019 and Brasil expanded at a 1,2%

rate. Faced with an aggravated economic crisis and debt servicing noncompliance, Argentina had a shift in political leadership; Emerging and Developing Economies grew less in 2019. China followed the trend of structural slowdown, seen in 2017: growth at a 6,1% rhythm after 6,6% in 2018. The year was dominated by the commercial dispute with the United States, the mutual trade taxes, and Huawei conflict management. Countermeasures took place to mitigate the economic impact, more acute in China due to the trade pattern between both countries. A certain degree of distension has been reached through a limit agreement, signed by both parts.

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South Africa, affected by cuts in the electrical supply, is thought to have increased 0,4% the economical activity, half the registered in 2018.

Like most countries in Eastern Europe, Russia registered a moderate expansion in 2019; it is estimated to have grown 1,1% vs. 2,3% in the previous year, with major causes thought to have been less Private Consumption and exports affected by the drop of oil prices and pipeline stoppage.

Monetary policy for 2019 reverted 2018 progression. Gradually, monetary conditions became more expansionist. The normalization process has been reverted by FED from July on and by BCE in September.

North America income reversal switch, not seen since 2007, became visible in March and left a mark in the context. PBoC took a less visible group of measures in order to mitigate the negative effects on world incertitude.

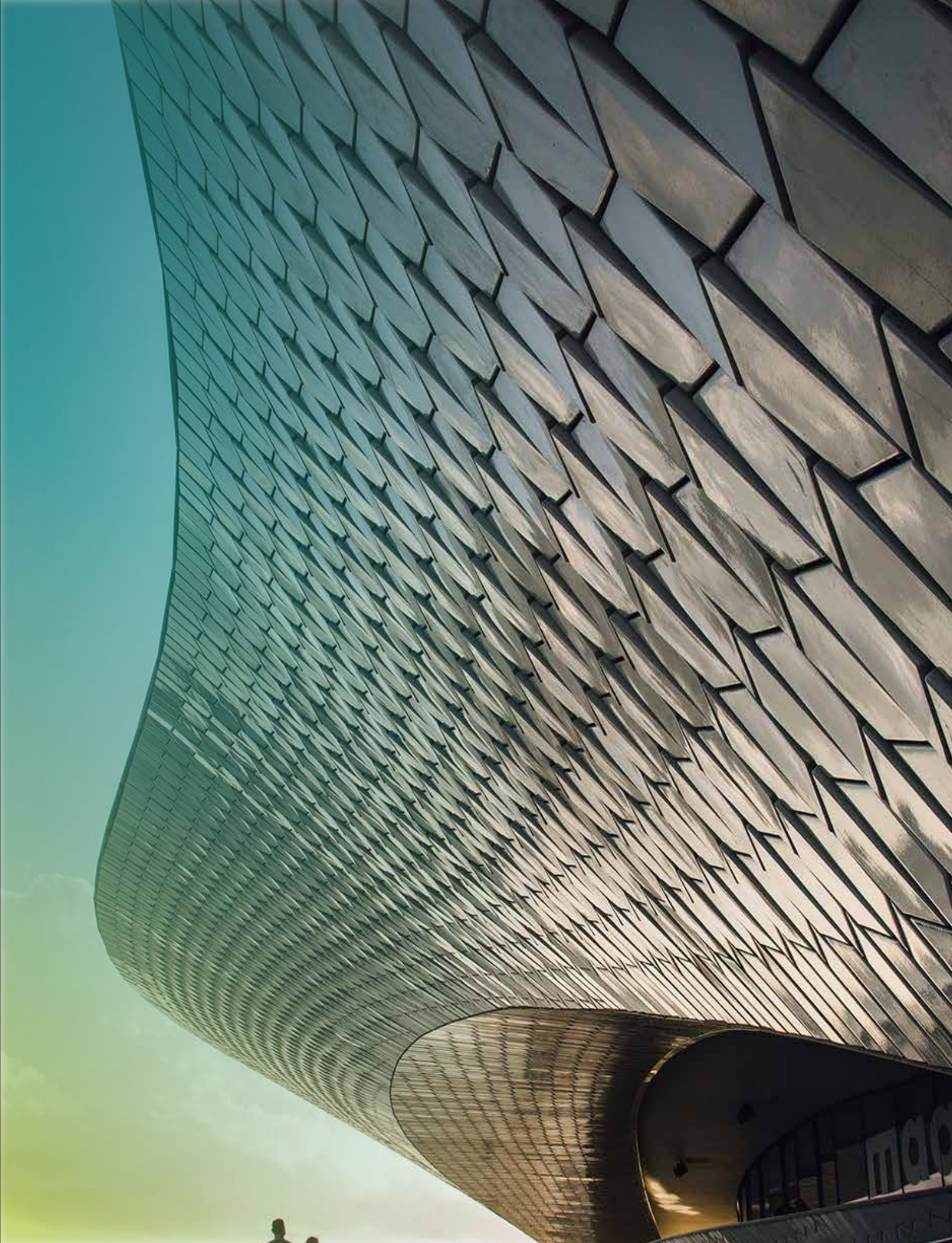
In general, Central Baks maintained or decreased interest rates. IMF estimates that without this additional monetary stimulus, world growth would have been lower than 0,5%. Notwithstanding the positive evolution of the economy, unemployment decrease and a moderate rise in wages, inflation remained at low levels. Metals and energetic factors evidenced less demand.

## 2.2. PORTUGAL OVERVIEW

Portugal ended 2019 as the sixth consecutive year of economic growth, following the crisis at the beginning of the decade which led to a request for an external financial rescue. The Portuguese economy is estimated to have grown 2,0%, maintaining the downturn that market 2017. Private Consumption and Investment supported expansion. Industry slowed down and was compensated by Service sector performance, relatively immune to the international context and by construction.

Exports and Imports performed poorly than the previous year, with a comparative disadvantage for exports. The trade balance paid a negative contribution to the overall performance. The financing capacity diminished in the face of previous values, although remaining positive. Fiscal consolidation was, like in recent years, the keyword for Public Finances. Improvements were kept and the year ended with a primary surplus of 0,3% of Product. Public Investment fell short to expectations. Public Debt reached 249 700 million euros, increasing 0,6% in face of the previous year and stood marginally bellow 120% of GDP.

Unemployment reduced to 6,5% (7,0% in the previous year). Although performing favourable, with a Positive evolution of Active Population and Employment, Labor Market has been less dynamic after August. Inflation followed a descendent tendency in 2019, of 0,3%; deceleration trend of prices, especially when compared to 2018, when a 1,2% was registered, with a negative difference in face of Euro Zone average (0,9%).



# 3. VIEIRA LOPES ECONOMICAL ACTIVITY FRAMEWORK

From a purely geographical viewpoint, VL has a broad national and international position. At a national level, VL operates throughout the country, being a major player in the market for producing and trading in technologic solutions for air treatment and purification.

The international market is the group's main strategic focus. VLopes has a significant presence in the French market, with a wide volume of work for acclimatization, justifying the establishment in the French market of VLopes Clim SARL. VL retains a very significant presence and is building a local mediators network, involving them in the OCRAMclima project.

. No que se refere ao mercado internacional, sendo esta a principal aposta estratégica atual do grupo, a VL regista uma presença bastante significativa no mercado Francês, com um volume bastante amplo de obras em curso na área da climatização, o que justificou a constituição da empresa participada em França VLopes Clim SARL, assim como a criação de uma rede de intermediários locais envolvidos no projeto OCRAMclima. The Scandinavian market is another strategic target for the group. The Danish market opened in 2014, through a partnership with a company from Spain. Towards the end of that year, VLopes Scandinavia APS has been part of the group that intends to explore the stable markets of northern Europe.

In the Spanish market, the company holds a strong commercial relationship with local distributors. One of these has a very significant presence in Hispanic markets of South America.

During 2019 the commercial relationship with the Indian Market grew stronger. OCRAMclima's Air Handling Units equipped one major Research Centre now developing COVID-19 vaccine. Accordingly to the latest information, 2020 will further solidify the commercial connection with the Indian Market, where the company has an official representative. Additionally, another strategic alliance is being evaluated with a referred partner in Iran as well as a strategic partnership in Saudi Arabia. Northern Europe and Chinese markets might also be achieved in a short-term.

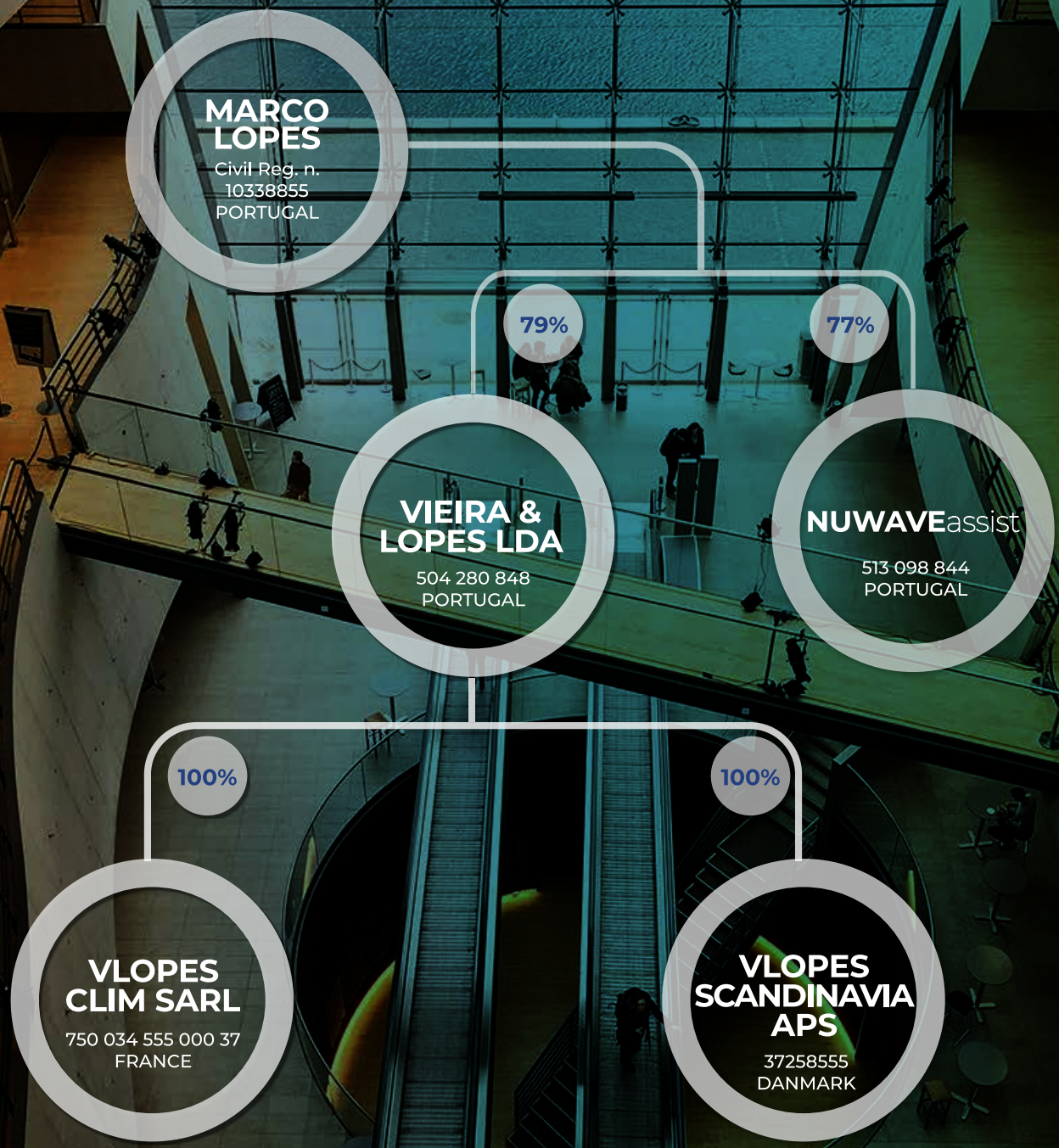


FIGURA 1 GROUP'S STRUCTURE

Despite the great challenges of the internationalization process, VL has achieved a very relevant economic and financial performance during 2019. Thanks to a clear strategic orientation towards the international market, the productive and commercial activity for technological solutions for control, treatment and air purification; There has been a continuous focus on innovation, research, and development for new products. The mindset to discover new methods and earn new skills also provided ground for success.

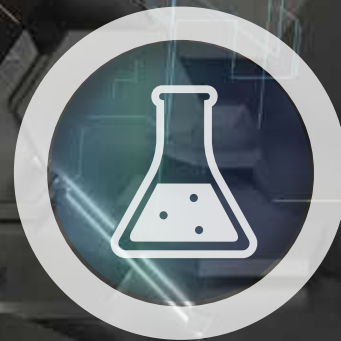
All businesses related with Health, Energy and Environment, namely the air treatment and air purifying system, as well as the use of the so-called “clean” energies, have been recording sustained growth both in Portugal and most of the developed economies. In this sense, we consider the strategic thought of health-energy-environment triad as an area of priority, with room for growth and expansion. For the company, this means an improvement in the production. It also means optimizing air treatment units with hygienic certification and the technological inclusion of monitoring, decontamination, and air purification systems, for hospital environments. Therefore, the crucial commitment for OCRAMclima brand is also the cornerstone of the national and international strategy for Vieira & Lopes, both for the present and the near future.

The permanent and growing focus on Research & Development is a fundamental point on VL's business strategy. It became our standing point in the market. As a result of its dynamic, innovative and entrepreneurial attitude, VL nurses several ongoing research protocols with Institutions and Research Centers that are international references. The continuing research project in the Department of Physics and Mechanical Engineering, at the University of Minho, in Portugal, is a wonderful example of a commitment made by the company, centering on air quality and energy efficiency.

Simultaneously, VL takes part in a cross-border project, Nanovalor. This project's mission is strengthening links between key players in the nanotechnology area, located at the North of Portugal and Galicia, through the establishment of a Competitiveness Hub. VL is also a member of COTEC SMS Innovation Network and holds an SI Internationalization project happening, which aims to support the qualification and internationalization of SMEs. VL is Certified for Quality by NP EN ISO 9000: 2000 (for installation and project).

Recently, VL has been awarded “The Seal of Excellence” under the SME Instrument program of Horizon 2020, promoted by the European Commission. Currently under the third phase of this program. This project aims to support relevant business ideas in the European context. In this particular case, for VIEIRA LOPES, it intends to back the study for developing a multifunctional air purification model, to be installed in sensitive environments.

**INNOVATION  
RESEARCH &  
DEVELOPMENT**





## 4. ACTIVITIES AND FINANCIAL POSITION ANALYSIS

During 2019 VL achieved visible positive results and has been able to sustain and maximize its competitive standards. Significant improvements were made on VL position in operational terms.

Concerning individual statements, Business Turnover for 2019 reached EUR 4 902 825,32, a slight correction in face of 2018 (8,0%) justified by domestic market maturity, by the growing focus on activity and the criteria improvement on client selection (Table1).

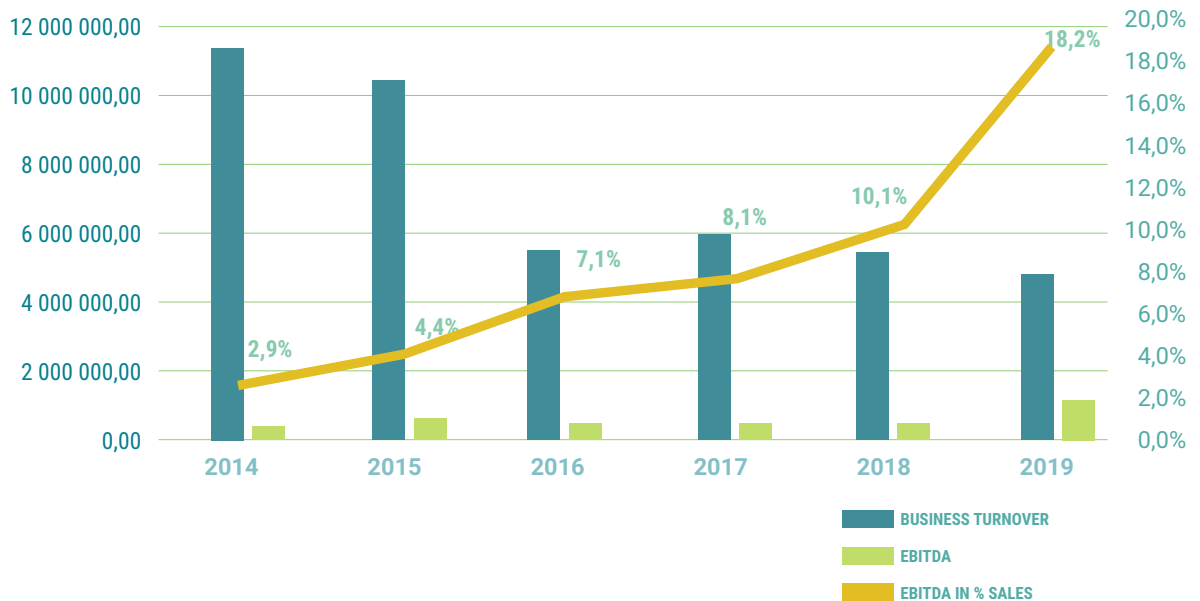
Whilst there has been a reduction in sales, liquid results more than doubled in face of the previous year, growing 139,2% to EUR 569 769,69.

In a similar manner, the EBITDA, expressing resources generated by the company's operational activity, corresponds to EUR 891 256,31, translating a 66,1% rise in the face of 2018.

Among the results, as an indicator of the company's profitability, it is also important to make reference to EBITDA as a percentage of business turnover reach 18,2%, thus translating a liquid growth of 8,1 percentage points in face of previous year and 10,1 percentage points in face of 2017 (Chart 1).

	2017	2018	2019	Variation	
				Value	%
<b>Business Turnover</b>	5 925 056,89	5 329 996,95	4 902 825,32	-427 171,63	-8,0%
<b>Net Results</b>	262 632,85	238 215,67	569 769,69	331 554,02	139,2%
<b>EBITDA</b>	477 863,90	536 718,68	891 256,31	354 537,63	66,1%
<b>EBITDA in % w/ SL</b>	8,1%	10,1%	18,2%	8,1%	pp

TABLE 1 Evolutionary Analysis for consolidated results



**CHART 1 Evolutionary Analysis for individual results**

In what concerns production destination, and looking forward to an evaluation of the business turnover (both for the national and international market), the data for the ending period shows the achievement and the success of the new strategic orientation for external markets.

During 2019, from a consolidated perspective, the production for external markets reached an EUR 3 096 458,04, thus translating a slight correction relative to the previous year EUR 3 419 212,91 in 2018) motivated by external operations maturity (Table 2 e Chart 2).

No ano de 2019, e numa perspetiva individual, a produção tendo como destino os mercados externos ascendeu a EUR 3 096 458,04, a qual traduz uma ligeira correção face ao ano anterior (EUR 3 419 212,91 em 2018), fruto da maturidade das operações externas (Tabela 2 e Gráfico 2).

External markets were responsible for 63,2% of the individual business volume of the group, staying steady in comparison with the two previous years (the period in which international markets represented 64,1% of business turnover) (Chart 3 and 4).

Conversely, production originated in the domestic market, and subsequent dependence on the internal market, solidified the descending trend of 5,5% between 2018 and 2019 (to EUR 1 806 622,14), aligned with a strategic orientation towards different international markets, thus reducing the risk while uncovering new business opportunities.

The data now presented reinforces the growing trend of the latest years towards investment and expansion in the external markets, transmuting company's activity risks and providing stability on the medium/long run. Among main destinations for the production during 2019, the French, Danish, Spanish and Indian markets were particularly relevant.

	2017	2018	2019	Variation	
				Value	%
National Market	2 400 237,54	1 911 292,37	1 806 622,14	-104 670,23	-5,5
EU Market	3 468 210,78	3 376 212,91	2 995 735,23	-380 477,68	-11,3
Other Markets	56 913,57	43 000,00	100 722,81	57 722,81	134,2
<b>GLOBAL VALUE OF EXTERNAL MARKETS</b>	<b>3 525 124,35</b>	<b>3 419 212,91</b>	<b>3 096 458,04</b>	<b>-322 754,87</b>	<b>-9,4</b>

TABLE 2 Destination for the individual production

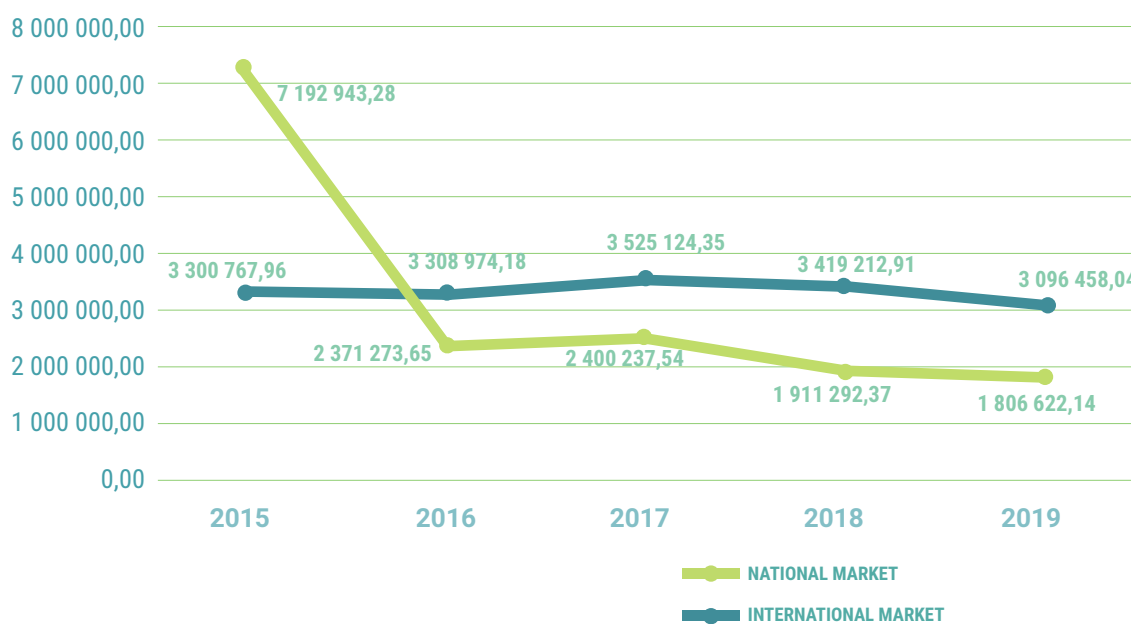


CHART2 Evolution of destination for the individual production

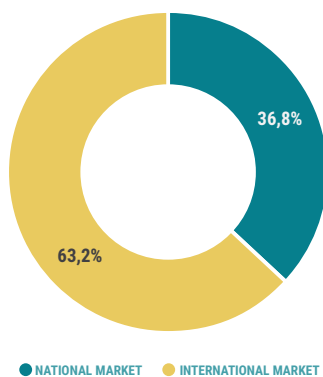


CHART3 Destination for the individual production

In what concerns income structure, and looking forward to dividing revenue source, it becomes relevant to highlight the growing trend expressed by business turnover, motivated by the diversification strategy for production and distribution of management, treatment and purification of air through OCRAMclima. During 2019, the revenue obtained from the types of equipment produced by the OCRAMclima project (item “Finished and Intermediate Products” on Appendix) reached EUR 2 211 884,02, which corresponds to 45,1% of the individual business turnover (Chart 5).

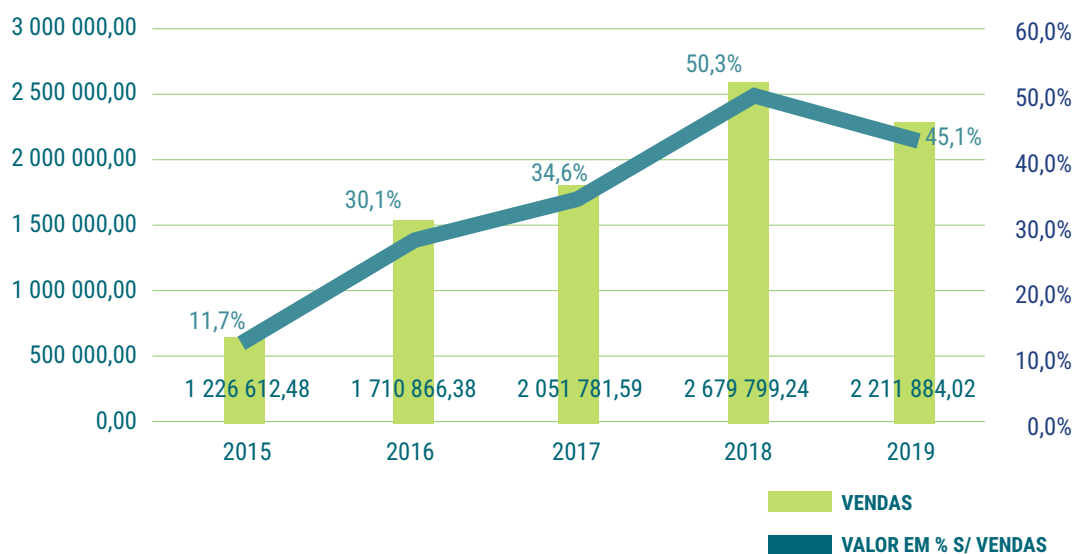


CHART 4 Income structure having OCRAMclima project as source

Regarding the evolutionary analysis of expenses for the period ending now, Table 3 and Chart 6 present all the expenses of the group, arranged by its weight on the entire group expenditures, and differentiated by nature.

It is particularly relevant to highlight the substantial reduction on External Supply and Services (to EUR 1 088 021,94; reduction of 18,4% in face of the previous year), and Other Expenses and Losses (to EUR 34 827,81, a 51,4% decrease in face of 2018) as well as Impaired losses (with a positive value on 2019, related to reversals of impairment, EUR 1 226,57).

In the opposite sense Expenses and Financing Losses registered a positive evolution of 13,4% (to EUR 163 142,38), the Cost of Goods Sold and Materials Consumed increased 8,4% (to EUR 3 195 229,01), while Payroll Costs increased 2,8% (para EUR 1 064 957,40).

	2018		2019		VARIATION	
	VALUE	%	VALUE	%	Value in €	%
<b>Cost of Goods Sold and Materials Consumed</b>	2 948 719,52	51,9	3 195 229,01	56,2	246 509,49	8,4
<b>Payroll Costs</b>	1 332 913,44	23,4	1 088 021,94	19,1	-244 891,50	-18,4
<b>External Supply and Services</b>	1 036 330,12	18,2	1 064 957,40	18,7	28 627,28	2,8
<b>Impaired losses</b>	143 923,30	2,5	163 142,38	2,9	19 219,08	13,4
<b>Expenses and Financing Losses</b>	137 125,66	2,4	141 325,78	2,5	4 200,12	3,1
<b>Expenditures with Depreciation and Amortization</b>	15 718,54	0,3	(1 226,57)	0,00	-16 945,11	-107,8
<b>Other Expenses and Losses</b>	71 712,66	1,3	34 827,81	0,6	-36 884,85	-51,4
<b>TOTAL</b>	5 686 443,24	100	5 686 277,75	100		

TABLE 3 Evolutionary Analysis of the individual expenses structure

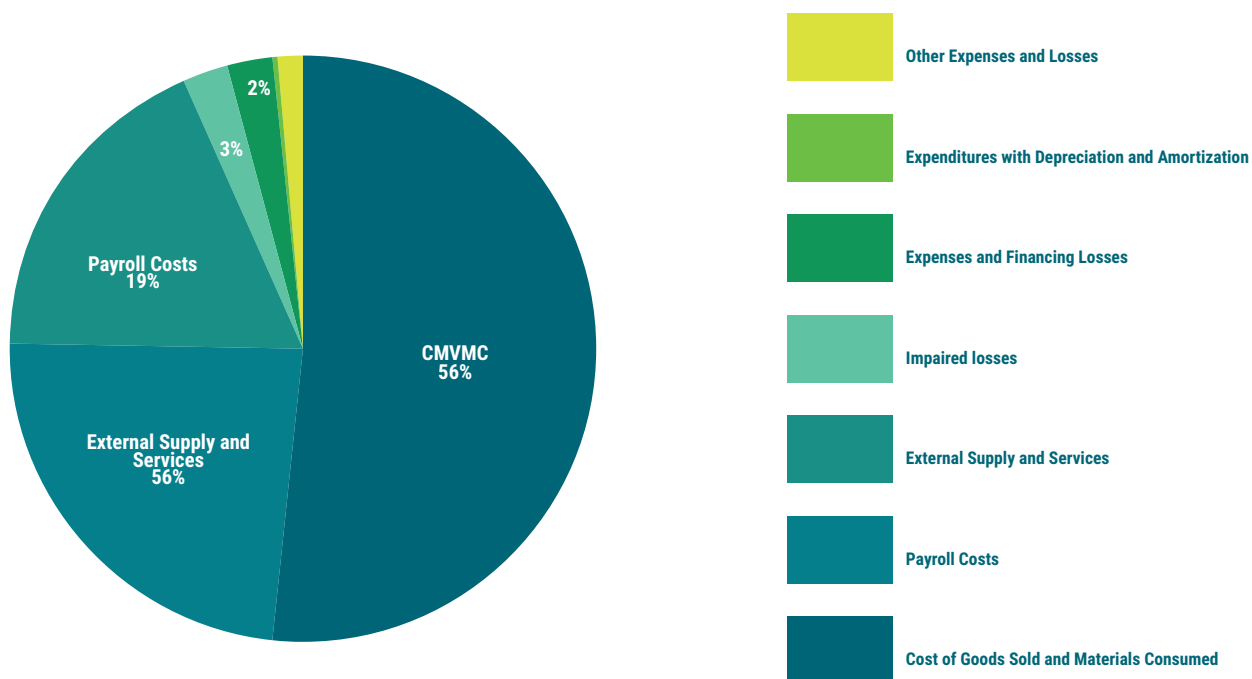


CHART 6 Individual Structure of Expenses (in %)

From a detailed point of view, it is possible to analyze the financial position of the group through the examination of the following Annual Balance Structure (Table 4 and Chart 7). It is relevant to highlight the strenghtening of Non-current Assets due to a significant investment on Vieira & Lopes new facilities in Portugal.

	2018		2019	
Non-current assets	4 526 729,61	57,0%	7 680 345,71	67,0%
Current assets	3 411 495,76	43,0%	3 775 707,52	33,0%
<b>TOTAL ASSETS</b>	<b>7 938 225,37</b>		<b>11 456 053,23</b>	
Equity	1 929 656,74	24,3%	2 506 334,81	21,9%
Non-current Liabilities	1 339 098,92	16,9%	2 750 842,98	24,0%
Current Liabilities	4 669 469,71	58,8%	6 198 875,44	54,1%
<b>TOTAL LIABILITIES</b>	<b>6 008 568,63</b>		<b>8 949 718,42</b>	
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>7 938 225,37</b>		<b>11 456 053,23</b>	

TABLE 4 Annual Balance Structure

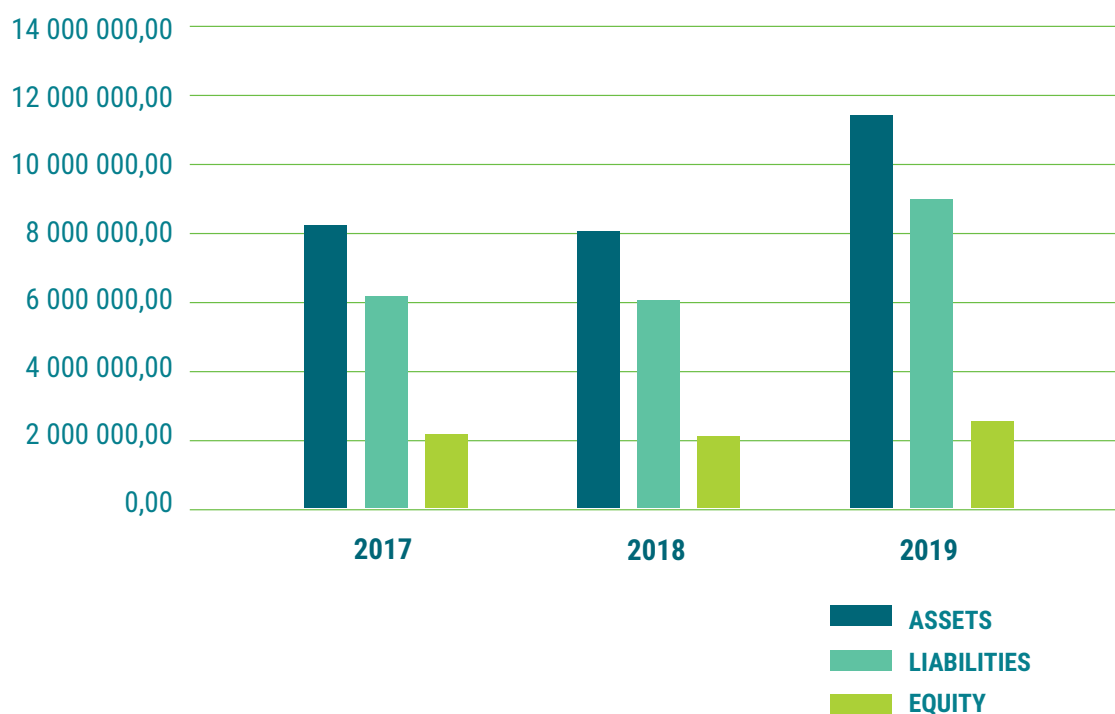


CHART 7 Evolution of Consolidated Assets, Liabilities and Equity

# 5. EXPECTATIONS FOR THE FUTURE

**Brief Preliminary Note:** it is of major relevance to make reference to 5.1 and 5.2 items as having been written before COVID-19 pandemic was active and declared worldwide. Vieira Lopes decided to maintain the text as it holds relevant information regarding future perspectives and initiatives regarding the macroeconomic context for 2020. As for the pandemic impact, it is properly developed and registered on 5.3, under Subsequent Events.

## 5.1. MACROECONOMIC CONTEXT

The world economy should register in 2020 an economic growth around 3,3%, exhibiting a moderate increment in face of the 2,9% that is estimated to have been registered for 2019. Despite the formally agreed exit of the United Kingdom from the European Union, and the minimal common ground of agreement for commercial dispute between the United States and China, the IMF projections were marginally revised downwards, in October 2019, reflecting the weaker performance of India.

The expansion is thought to find its motivation on the major combination of interest rate cuts in Advanced and Emerging Economies since the 2008 crisis, occurring on a longevity cycle context for the world economy. Developed Economies are expected to evidence expansion at a marginally slower rhythm than 2018, estimated at 1,6% while emerging economies should accelerate for something around 4,4%. Despite the caution embedded in projections for the economical context, extraordinary circumstances like the military attack on the Iranian leader or the pandemic that took off in China will hurt all forecasts with a level of impact that is, at this moment, still beyond our comprehension. The 2020 context shall be marked not only by the presidential election in the United States and the protectionist initiatives eventually determined by North American Administration but also by the ongoing negotiations regarding the future relationship between the United Kingdom and the European Union, whose conclusion will hardly appear before the end of 2020, set to be the limit for the continuing transition period.

Geopolitical risk, social turmoil and the initiatives aiming to revert globalization are all conceivable risks in 2020. If unfolded, these have the potential to expose fragilities derived from years of extraordinary expansive measures and the persistent liquidity injection in the economy. International Commerce, in stagnancy during 2019, should grow around 2,9%. Although conditioned by the high level of political uncertainty as well as by the overall discomfort surrounding the system of rules for global trade, the forecasts express a slight increase on inflation for the Advanced Economies and a moderate one on the Emerging.

The Euro Zone is expected to grow around 1,3% during 2020, a marginal increment in the face of the previous rhythm - a reflection of moderate fiscal expansion. France is expected to make evident the good performance while Spain should follow the slowdown. The industrial activity is expected to remain strongly conditioned by the external context, despite the bottoming-out signs observed at the end of 2019. Germany, which is more sensitive to industrial and export sector, would notwithstanding, see an improved economical performance in face of 2019, estimated at a 1,1% growth.

The front-line will always disclose the protectionist measures imposed by the United States or the poorer performance of China, as the main commercial partner. The United Kingdom, who quit the European Union on the 31st of January, is expected to grow around 1,4%, grounded on the expansionist fiscal policy.

Economic agent's sentiment and its macro effects will depend on how negotiations with the European Union will evolve towards the future economic relationship. Sweden's economy, highly opened to exterior, is presumed to increase around 1,5%, hastening in comparison to the previous year.

Economically and socially, the context in the United States will be characterized by the presidential elections in November. Amidst the polarization of society, the economy will inevitably mirror the effects of the campaign, political debate, and the initiatives for reelection, including commercial negotiations with the other economic blocs. Additional protectionist measures should not be discarded. The United States is expected to grow 2,0%, slowing the pace of 2019 and reflecting the smaller fiscal impulse, the decreasing monetary impulse and the longevity of the economic cycle, namely the constraints of the labour market in full employment.



Boeing production break is a factor with a negative economic impact expected to be materially relevant. Structural imbalances in the economy, only aggravated in the last 12 months, became a more tangible risk to the economy.

Japan's economy ended 2019 with contraction, impacted by consumption tax raise. Forecasts expected recovery following the counter measurements as fiscal stimulus implemented in December, as well as the preparation for the Olympic Games. Still, on an annual basis, an expansion of 0,7% is anticipated, lesser than 2019.

Forecasts point out the Emerging and Developing Economies growth. In China. However, the structural deceleration will continue, as the economy manages the high level of debt and the transition to a different growth pattern. Projection points out to growth around 6,0%.

There is an expectation towards a wider commercial agreement signed with the United States. COVID-19 pandemic is raising the fear of big impacts on expansion and growth. India should grow 5,8% in 2020, recovering from stagnation. Mexico is expected to register minor growth; Brasil, on the other hand, shall follow a differentiated dynamics, expanding after pension reforms and grow around 2,2%; Argentina is expected to contract for the third consecutive year. A growth of 0,8% is expected for South Africa, twice what happened in the previous year.

Significant challenges are pending on local economic context, starting by a regular and stable power supply, Public Finances and capacity to maintain the rating. Adding to these, the structural reforms to implement to secure sustainable growth.

Central and East Europe are expected to follow in healthy growth. Russia will make evident an economical activity estimated nearly at 1,9%. A trustworthy monetary policy and cautious management in the banking system are expected to be kept as a distinctive, credible characteristic and factor for economic support.

Forecasts predict that financial conditions well remain globally expansionist. Decisions and implementations of 2019 will be manifested during 2020 as an economic recovery. After reverting the course of monetary normalization followed since 2015, lowering the interest rate three times during 2019 to 1,50% to 1,75%, Federal Reserve should keep conditions unaltered for 2020. After a year of deep strategic considerations, also BCE is expected to maintain monetary conditions. Both institutions are expected to follow with assets acquisition. Popular Bank of China shall maintain random measures aiming to maintain and increase the economy credit flow.

## 5.2. PORTUGAL

During 2020, despite external less favourable risks, Portugal is expected to maintain the path, predicting a growth around 1,7%, close to the potential pace. The positive divergence from the Euro Zone is expected to remain, although on a smaller scale. Growth will depend on internal demand but at a lower level since prediction points to a slowdown in Private Consumption and Investment. The export will play a significant role in economic growth, but still less than in previous years. The trade balance will pend towards bigger evolution of imports, increase the previous deficit. For the eighth consecutive year, Current Account and Capital will be positive. The surplus will benefit the economy's financing capacity. Like in recent years, the exercise will be characterized by Public Finances consolidation. the available information leads to expect a revenue increase beyond the increase in payroll costs ( an inflexible expenditure); a decrease in public debt is also expected. The executive previews point to a primary surplus around 2,9% and Public Debt downturn to 116% of GDP. Inflation is supposed to translate the slight evolution of prices, although above the values of 2019, pointing to 1,0%.

The labour market is expected to follow the positive evolution of the latest years, but with a moderate pace coherent with the economic cycle maturation and lower incentives for new jobs: the unemployment rate has been 6,7% in the last quarter of 2019, inverting the trend followed since 2012; employment should grow in a moderate manner; unemployment rate should be reduced to 6,4% in 2020.



## 5.3. SUBSEQUENT EVENTS

### THE IMPACT OF COVID-19

COVID-19 pandemic and containing measures taken by authorities allow us to preview a steep alteration on the growth profile for 2020. Negative risks are real. Expectations for the Chinese recovery of activity, after a period of pause, are now facing less activity in Europe, in the United States and other economies. The initial shockwave in Supply evolved to what is now a double-shockwave on both Supply and Demand. Financial markets instability during the latest months led monetary authorities to implement extraordinary measurements for additional support. Fiscal measurements are also being considered.

Vieira & Lopes is an international company, with around 2/3 of business turnover originated in the international markets and, by this means, exposed to the global economy. The pandemic plays a significant negative role in consumption, public and private, and therefore, the value chain of Vieira Lopes should also have an impact on the company's activity. The lack of a clear decisive process from the European Union as far as social and economical measures are concerned, allow us to preview a bigger impact in these economies. Unable to prevent the at what scale, what dimension and how long the uncertainty will last, makes it difficult to evaluate the direct and indirect impact in the company.

On the other hand, from an individual perspective, COVID-19 pandemic might pose an array of new opportunities. Vieira Lopes investment in scientific research in latest years resulted in the development of solutions in air purification segment for sensitive environments. COVID-19 pandemic raised awareness for global risks associated with poor air quality and its importance to prevent airborne infections and serious illnesses.

Therefore, being always a wide threat to any economy or company, COVID-19 might have anticipated a future market trend in indoor air quality, and the relevance of different management, treatment and purification for indoor air. An array of scientifically credited technological solutions able to aid several areas and market segments are now part of Vieira Lopes portfolio, through NPS.



## 5.4 FORESEEABLE EVOLUTION OF SOCIETY

Given the international macroeconomic background, the threats and opportunities posed by the pandemic, and the perspectives for economic expansion in this context, the strategic guidelines for Vieira Lopes Lda during 2020 intend, as always, to overcome the results of 2019 through a fundamental commitment in 5 main dimensions:

**a)** A clear investment and strategic bid to promote and distribute NPS® (NPS® Master, NPS® CC e NPS® CC Optimal). The importance of NPS® in the actual context makes for its extreme relevance in securing the air purification in critical environments like hospitals, where it holds the capacity to transform regular rooms into the much needed “negative pressure isolation rooms”.

**b)** The clear commitment to the internationalization process, aiming to conquer new markets, with an objective goal of two (2) new markets each year. At present VL holds a meaningful presence in France, Denmark, Spain. The commitment for 2020 is to strengthen the presence in Scandinavian Market through VLOPES SCANDINAVIA APS. To expand operations in the Mexican and South American market. Increase our presence in India and make our entrance to Iran and the Middle East Region, namely Saudi Arabia, the United Arab Emirates, Oman, and Dubai;

**c)** Increase the expansion, value, and acknowledgement of OGRAMclima as an international player. Become a distinguished brand in the production and trade of Air Treatment Units; developer of technological solutions for acclimatization, offering innovative proposals; expand product portfolio, with an accent in air monitoring and air quality control in a clinical environment; streamlining the commercial network and building strategic alliances, able to widening the markets and strengthening the image of the OGRAMclima brand

A photograph of a modern office interior. The scene is dimly lit, with light coming from large windows on the left. Several people are visible in the background, some standing and some sitting at desks. The ceiling has recessed lighting. The overall atmosphere is professional and contemporary.

**d)** Maintain the innovation and entrepreneurship effort, to achieve unique products, offering added value throughout the entire portfolio and granting our customers competitive advantages when trading with the company; sustaining and enhancing Research and Development protocols with Universities and Research Centers of reference, both in Portugal and abroad.

**e)** The continuous and sustained growth of the group, coupled with the increasingly technical and scientific demand of the market, brought to attention the urgency of new facilities for the company. Multiple years of anguish will now come to an end.

The project took-off in 2018 and new facilities will open in 2020, aided by IAPMEI's support, under Portugal2020 Productive Innovation. With an investment already made by the company of EUR 300 000.00, the new headquarters will be located in Vila de Prado, with a total area of 8 330 m<sup>2</sup>, and 4 152 m<sup>2</sup> of building area. This essential investment, not only signals the 22nd anniversary of the company but definitively provides a crucial impetus on quality, requirements, control and competitiveness of each technological solution produced and sold by the group.

In the presence of the company's solidity; the diversity of supply and solutions; the growing trend for national and international expansion, and the culture of continuous innovation, together with the futuristic project of new facilities, we believe that VIEIRA LOPES group will improve the already relevant position in the Portuguese market and will become a relevant international player in the sector of technological solutions for acclimatization.

As mentioned in the 21st note of the appendix, based on the available elements, updated on June 2020, in comparison with the same period of 2019, revenue increased around 3,6% demonstrating that until this moment the COVID-19 pandemic left residual effects.

## 6. OTHER INFORMATIONS

After the 31st of December of 2019, besides the global pandemic phenomenon already mentioned determined by COVID-19, no relevant events occurred that could affect the economic and financial position of the company. This is denoted by the Financial Statements at the end of the 2018 economic period. The company is not exposed to financial risks that could potentially damage its financial position and its operations maintenance.

Administration's decisions, based on rules of financial prudence, provide an understanding that the obligations assumed are not able to jeopardize the organization, with risks that cannot be regularly backed by the company. There are no overdue debts, neither to the State Public Sector nor to Social Security.

## 7. PROPOSAL FOR RESULTS APPLICATION

The administration proposes the following application for the results obtained in 31st December 2019 of EUR 569 769,69:

Lucros Não Atribuídos Participadas	EUR 238 452,65
Reservas Legais	EUR 16 565,85
Resultados Transitados	EUR 314 751,19

## 8. AUTHORIZATION DATE FOR FINANCIAL DEMONSTRATION EMISSION

The financial statements for the period ended on 31st of December 2019 were approved by the administration and authorized for issue on July 28, 2019.

## 9. CONSIDERAÇÕES FINAIS

We would like to acknowledge all those who expressed their trust and preference, particularly our customers and suppliers, to whom much of the growth and development of our business is due. They are the reason for being of our company.

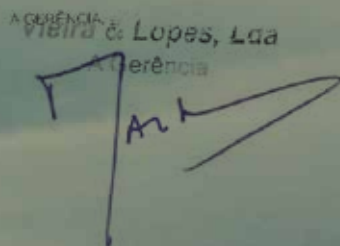
To our Employees, we express our gratitude for the professionalism and commitment. They are fundamental to the competitiveness and sustainability of Vieira & Lopes group, and they will continue to be in the future.

The following sections include a consolidated financial statement for the period, which comprise the Consolidated Balance Sheet, the Consolidated Income Statement by nature, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the Consolidated Annex.

Braga, of July of 2020

The Administration,

AGUÊNCIA -  
Vieira & Lopes, Lda  
A. Terêncio  
A. L.





**DEMONSTRAÇÃO INDIVIDUAL DOS RESULTADOS POR NATUREZAS**  
PERÍODO FINDO EM 31 DE DEZEMBRO DE 2019

Montantes expressos em Euros

RENDIMENTOS E GASTOS	NOTAS	PERÍODOS	
		2019	2018
Vendas e serviços prestados	13	4.900.825,47	5.121.078,86
Subsídios a exporção	14	221.473,17	171.937,26
Ganhos/perdas imputadas de subsidiárias, associados e empreendimentos conjuntos	10	232.452,05	316.678,13
Variação nas inventários da produção	5, 11	50.168,73	100.376,12
Finanças para a própria entidade	0	44.150,63	191.055,67
Costo das mercadorias vendidas e das matérias consumidas	11	(3.190.229,01)	(2.948.719,09)
Fornecimentos e serviços externos	19, 2	(1.080.021,04)	(1.132.013,44)
Gastos com o pessoal	15	(1.034.947,40)	(1.038.330,12)
Impunidade de vendas a receber (perdas e provisões)	2	1.226,87	(15.718,54)
Aumentos/reduções do custo de ar	17, 2, 17, 4	330.356,10	2.000,00
Outros rendimentos	19, 4	30.064,40	129.123,32
Outros gastos	15, 19, 5	(34.827,31)	(71.712,65)
<b>Resultados antes de depreciações, gastos de financiamento e impostos</b>		<b>301.294,31</b>	<b>526.713,68</b>
Gastos reversos de depreciação e de amortização	1, 2	141.120,79	(117.125,86)
<b>Resultado operacional (antes de gastos do financiamento e impostos)</b>		<b>442.415,10</b>	<b>409.587,82</b>
Juros e gastos similares semelhantes	10, 4	(135.140,33)	(140.923,40)
<b>Resultado antes de impostos</b>		<b>307.274,77</b>	<b>268.664,42</b>
Imposto sobre o rendimento do período	10	(17.016,46)	(17.454,05)
<b>Resultado líquido do período</b>		<b>290.258,31</b>	<b>251.210,37</b>

COMPANHIA CERTIFICADA

*Equilíbrio*

COMPANHIA

*Arquivo*

BALANÇO INDIVIDUAL EM 31 DE DEZEMBRO DE 2019

RUBRICAS	NOTAS	DATAS	
		31.12.2019	31.12.2018
<b>ATIVO</b>			
<b>Ativo não corrente</b>			
Ativos financeiros	7	2.074.271,93	2.171.761,93
Impostos a receber	15.4	342.371,00	
Outros créditos	8	4.412.443,17	256.112,00
Outros créditos a receber	15.1	1.471.684,71	1.399.207,00
Outros créditos a receber - Impostos	15.2	501,00	577,00
Outros créditos a receber - Impostos	15.3	2.115.000,00	1.481.500,00
<b>Total do ativo não corrente</b>	<b>15.4</b>	<b>10.316.671,81</b>	<b>5.380.157,93</b>
<b>Ativo corrente</b>			
Previdência	15.5.1	130.144,00	60.157,90
Outros créditos	15.5.2	2.165.976,77	1.270.921,00
Outros créditos a receber	15.5.3	39.522,44	71.134,47
Outros créditos a receber - Impostos	15.5.4	175.201,00	1.250.781,00
Outros créditos a receber - Impostos	15.5.5	1.136,00	4.783,07
Outros créditos a receber - Impostos	15.5.6	109.240,00	181.211,00
Outros créditos a receber - Impostos	15.5.7	1.170,00	11.161,00
<b>Total do ativo corrente</b>	<b>15.5</b>	<b>2.721.380,21</b>	<b>2.871.050,44</b>
<b>Total do ativo</b>		<b>11.456.052,02</b>	<b>7.935.226,37</b>
<b>CAPITAL PRÓPRIO E PASSIVO</b>			
<b>Capital próprio</b>			
Capital próprio	16.1	6.112,00	570.170,00
Reserva legal	16.2	10.768,00	1.480.110,00
Reserva estatutária	16.3	10.768,00	10.768,00
Reserva de avaliação	16.4	20.000,00	20.000,00
Reserva de distribuição	16.5	2.111,78	142.811,78
Reserva para contingências	16.6	660.490,04	660.490,04
Reserva para contingências - Impostos	16.7	1.170,00	1.601.441,07
Reserva para contingências - Impostos	16.8	100.768,00	201.211,00
<b>Total do capital próprio</b>		<b>2.808.334,21</b>	<b>1.828.655,74</b>
<b>Passivo</b>			
<b>Passivo não corrente</b>			
Passivo não corrente	17	2.170.122,00	1.189.440,00
<b>Total do passivo não corrente</b>		<b>2.170.122,00</b>	<b>1.189.440,00</b>
<b>Passivo corrente</b>			
Passivo corrente	18.1.1	21.162,00	1.071.112,00
Empreendimento a receber	18.1.2	14.011,00	40.111,00
Empreendimento a receber - Impostos	18.1.3	1.140,00	2.411.112,00
Empreendimento a receber - Impostos	18.1.4	2.000,00	2.000,00
Empreendimento a receber - Impostos	18.1.5	11.000,00	1.111.112,00
<b>Total do passivo corrente</b>	<b>18.1</b>	<b>39.313,00</b>	<b>4.635.847,00</b>
<b>Total do passivo</b>		<b>6.949.718,42</b>	<b>6.228.563,63</b>
<b>Total do capital próprio e do passivo</b>		<b>11.456.052,02</b>	<b>7.935.226,37</b>

*Popo*

Vieira & Lopes, Lda  
e.ó.g.a.  
*Alm*