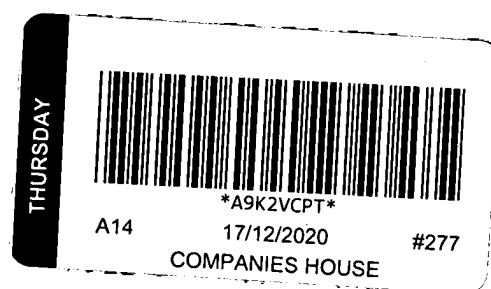


Draft Financial Statements at 01 December 2020 at 10:12:03

VNPI UK HOLDINGS LIMITED

COMPANY INFORMATION

Directors	S J Erickson M A Z Lecumberri
Company number	11115953
Registered office	Units 17/19 Oakham Drive Parkwood Industrial Estate Sheffield S3 9QX
Auditor	Ernst & Young LLP 1 Bridgewater Place Leeds LS11 5QR



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VNPI UK HOLDINGS LIMITED

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VNPI UK HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and financial statements for the year ended 31 December 2019. The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and therefore a strategic report has not been presented.

Principal activities

The principal activity of the company is that of a holding company. Dividends of £300,000 were approved and paid in the period.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

S J Erickson

C V Guinea

M A Z Lecumberri

(Resigned 1 June 2020)

Results and dividends

On 15 September 2019 dividends of £300,000 were agreed by the directors, at this date the distributable reserves of the company were £224,230. At the year end date in the finalisation of tax accounting a view was taken to write off £41,230 of a debtor generated in 2018 given a change in view on the recoverability of tax losses. The resulting profit and loss reserves for the company at 31 December 2019 are negative £34,000.

Auditor

Ernst & Young LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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VNPI UK HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

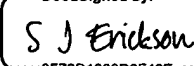
Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

DocuSigned by:



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S J Erickson

Director December 3, 2020

Date:

Draft Financial Statements at 01 December 2020 at 10:04:58

VNPI UK HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VNPI UK HOLDINGS LIMITED

Opinion

We have audited the financial statements of VNPI UK Holdings Limited (the 'company') for the year ended 31 December 2019 which comprise the profit and loss account, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter - Effects of COVID-19

We draw attention to Note 8 of the financial statements, which describes the economic and social consequences the company is facing as a result of COVID-19. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Draft Financial Statements at 01 December 2020 at 10:04:58

VNPI UK HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF VNPI UK HOLDINGS LIMITED

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Draft Financial Statements at 01 December 2020 at 10:04:58

VNPI UK HOLDINGS LIMITED

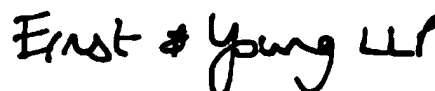
INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF VNPI UK HOLDINGS LIMITED

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

**Peter Buckler (Senior Statutory Auditor)
for and on behalf of
Ernst & Young LLP (Statutory Auditor)**



.....
3rd December 2020

1 Bridgewater Place
Leeds
LS11 5QR

Draft Financial Statements at 01 December 2020 at 10:12:03

VNPI UK HOLDINGS LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 2019**

		Year ended 31 December 2019 £	Period ended 31 December 2018 £
Administrative expenses	Notes	-	(500,000)
Interest receivable and similar income	2	300,000	2,250,000
Interest payable and similar expenses		(217,000)	(217,000)
Profit before taxation		83,000	1,533,000
Tax on profit		(41,230)	41,230
Profit for the financial year		41,770	1,574,230

Draft Financial Statements at 01 December 2020 at 10:12:03

VNPI UK HOLDINGS LIMITED**BALANCE SHEET****AS AT 31 DECEMBER 2019**

	Notes	2019 £	£	2018 £	£
Fixed assets					
Investments	4	6,841,300		6,841,300	
Current assets					
Debtors		-		41,230	
Cash at bank and in hand		10		10	
		<u>10</u>		<u>41,240</u>	
Net current assets			10		41,240
Total assets less current liabilities		6,841,310		6,882,540	
Creditors: amounts falling due after more than one year	5	(4,775,300)		(4,558,300)	
Net assets		<u>2,066,010</u>		<u>2,324,240</u>	
Capital and reserves					
Called up share capital	6	2,100,010		2,100,010	
Profit and loss reserves	7	(34,000)		224,230	
Total equity		<u>2,066,010</u>		<u>2,324,240</u>	

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on December 3, 2020 and are signed on its behalf by:

DocuSigned by:



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S J Erickson

Director

Company Registration No. 11115953

Draft Financial Statements at 01 December 2020 at 10:12:03

VNPI UK HOLDINGS LIMITED**STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 18 December 2017		-	-	-
Period ended 31 December 2018:				
Profit and total comprehensive income for the period		-	1,574,230	1,574,230
Issue of share capital	6	2,100,010	-	2,100,010
Dividends	3	-	(1,350,000)	(1,350,000)
Balance at 31 December 2018		2,100,010	224,230	2,324,240
Period ended 31 December 2019:				
Profit and total comprehensive income for the year		-	41,770	41,770
Dividends	3	-	(300,000)	(300,000)
Balance at 31 December 2019		2,100,010	(34,000)	2,066,010

Draft Financial Statements at 01 December 2020 at 10:11:08

VNPI UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

VNPI UK Holdings Limited is a private company limited by shares incorporated in England and Wales. The registered office is Units 17/19 Oakham Drive, Parkwood Industrial Estate, Sheffield, S3 9QX.

1.1 Accounting convention

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The business has successfully traded through the turbulence of 2020. The full UK National lockdown ("Lockdown 1") commenced on 13 March 2020 and it was not until 23 April 2020 and 13 May 2020 respectively that DIY stores and Garden Centres were allowed to reopen. Lockdown1 ended on 4 July 2020 when the restrictions on being able to holiday away from home or stop overnight in other people's houses was lifted. The initial 8-week period of Lockdown1, the spring planting season, is traditionally the busiest for the business and initially there was pressure on cashflow and working capital. Thankfully because of our own direct on-line offering and the on-line offerings of our customers we were still able to trade through that difficult 8-week period. As calendar quarter 2 came to a close we also saw a boost from demand that had built up during Lockdown1 and the company has benefitted from the boom in gardening activity during lockdown1. Garden centres and DIY stores were able to remain open and trading through the English lock down ("Lockdown 2") which was a 4-week period commencing 5 November 2020. For 2020 as a whole turnover is expected to be in line with budget, 9% ahead of 2019. Our expectation for 2021 is a further increase of 23% as a result of winning business with a major UK DIY chain. Profitability has increased as a result of operating with a lower cost base in 2020.

Rolling forecasts were prepared throughout 2020 along with sensitivity analysis based on differing levels of company turnover and profitability. If needed, the mechanics are in place to obtain additional financial support from our parent company. During the very early stages of Lockdown1 the company made use of this support but even then only to a maximum of £250k and only for a period of one month.

Some disruption to supplies were experienced at the beginning of the year but we maintain positive working relationships with all key suppliers in addition to pursuing dual supply opportunities. Additional costs needed to maintain safe working conditions in all locations has been minimal with the health and safety of workers at the forefront of every operation.

Most of our customers have also traded successfully during the year with some disruption to cash collections in the Summer which have been overcome. On-line sales are considerably higher than previous years and are expected to continue growing as the shopping environment changes.

The directors have prepared detailed budgets and cashflow forecasts for the year to 31 December 2021 and have run sensitivity analysis on those forecasts. A letter of support has been obtained from the parent company covering the forecast period. After considering the banking facilities available to the parent and the consolidated trading performance of the parent and its subsidiaries the directors have concluded the parent can financially support the business if called upon to do so (as it did early in Lockdown1 during 2020). Given the above the directors have a reasonable expectation that the company has adequate resources, and if needed support, to continue in operational existence for the foreseeable future. Thus, the financial statements have therefore been prepared on a going concern basis.

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VNPI UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.2 Reporting period

These financial statements are prepared for a period longer than 12 months. This is to align the reporting date with the other companies within the group.

1.3 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.4 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.5 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Draft Financial Statements at 01 December 2020 at 10:11:08

VNPI UK HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2019****1 Accounting policies****(Continued)****Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.6 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

2 Interest receivable and similar income

	2019	2018
	£	£
Interest receivable and similar income includes the following:		
Income from shares in group undertakings	300,000	2,250,000
	<u> </u>	<u> </u>

3 Dividends

	2019	2018
	£	£
Dividends paid	300,000	1,350,000
	<u> </u>	<u> </u>

4 Fixed asset investments

	2019	2018
	£	£
Investments	6,841,300	6,841,300
	<u> </u>	<u> </u>

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VNPI UK HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2019****4 Fixed asset investments (Continued)****Movements in fixed asset investments**

	Shares in group undertakings £
Cost or valuation	
At 1 January 2019 & 31 December 2019	7,341,300
Impairment	
At 1 January 2019 & 31 December 2019	500,000
Carrying amount	
At 31 December 2019	6,841,300
At 31 December 2018	6,841,300

5 Creditors: amounts falling due after more than one year

	2019 £	2018 £
Loan from ultimate controlling party	4,775,300	4,558,300

6 Called up share capital

	2019 £	2018 £
Ordinary share capital		
Allotted, called up and fully paid		
2,100,010 Ordinary shares of £1 each	2,100,010	2,100,010
	2,100,010	2,100,010

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VNPI UK HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2019****7 Profit and loss reserves**

	2019 £	2018 £
Profit for the year	41,770	1,574,230
Dividends proposed and paid	(300,000)	(1,350,000)
Balance carried forward	(34,000)	224,230

8 Events after the reporting date

The COVID-19 outbreak has developed rapidly in 2020, with a significant number of infections. Measures taken by various governments to contain the virus have affected economic activity. We have taken a number of measures to monitor and prevent the effects of the COVID-19 virus such as health and safety measures for our employees (like social distancing and working from home) and securing the supply of materials that are essential to our operations.

At this stage, the impact on our business and results is limited. We have experienced some disruption in supplies from overseas, but current inventory levels have helped in meeting customer demand. On-line demand has increased significantly after lockdown was imposed creating work for employees previously on furlough. Some financial assistance from the UK government has been utilised during the initial period of lockdown. We will continue to follow the various national institutes policies and advice and in parallel will do our utmost to continue our operations in the best and safest way possible without jeopardizing the health of our employees.

We also refer to note 1.1 with regards to this businesses ability to continue as a going concern.

9 Controlling party

The ultimate controlling party is Natt Tools Group Inc, a company incorporated in Canada.

VNPI Global Investments & Services S.L. prepares group financial statements, which is the smallest group to consolidate these financial statements and copies can be obtained from Poligono Industrial de Legazpi, Urola Kalea, 10, 20320 Lagazpi, Gipuzkoa, Espana.