
ECS MEP Contractor I/S

Industriparken 44A, 1 sal.
2750 Ballerup
Denmark

Annual Report 2022 1 January - 31 December

CVR No 41 48 80 69

The Annual Report was
presented and adopted at
the Annual General Meeting
of the Company on
25th May 2023

Mr. Michele Blandino
Chairman of the General
Meeting

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Management's Statement

The Board of Directors have today considered and adopted the Annual Report of ECS MEP Contractor I/S for the financial year 01 January 2021 - 31 December 2022.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2021 of the Company and of the results of the Company operations for 2022.

In our opinion, Management's review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Ballerup, 25th May 2023

Executive Board

Michele Blandino

Fabio Incardona

Stefano Giuseppe Lucido

Luca Pavia

Company Information

The Company

ECS MEP Contractor I/S

Industriparken 44A, 1 Sal.
2750 Ballerup,
Denmark

Telephone: +45 32 22 57 23

CVR No 41 48 80 69

Financial year period: 19 June - 31 December

Municipality of registered office: Ballerup

Executive Board

Michele Blandino

Luca Pavia

Fabio Incardona

Stefano Giuseppe Lucido

Auditors

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

Munkebjergvænget 1, 3 og 4 sal

5230 Odense M,

Denmark

Management's Review

Key activities

The entity has entered into a Turn-key basis contract with client Koge Hospital Project Team I/S for the construction, design, engineering, supply, installation, start-up, commissioning and hand-over of all the elements, equipment and materials necessary for the realization in their final configuration of all the electrical and mechanical installation, including the necessary assistance to masonry works, as needed for Building B1, B2, B6 and B8.

Development in the year

The income statement of the Company for 2022 shows a loss of DKK 69.327.163 and at 31 December 2022 the balance sheet of the Company shows negative equity of DKK 107.028.115

Management considers the result to be unsatisfactory.

Uncertainty relating to recognition and measurement

While the project starts there might be some uncertain and unforeseen situation which could lead to an utmost consideration, however based upon the years of experience in this industry we believe the risk for such aspect would be minimized till the lower possible level.

Furthermore, we refer to note 2 to the Financial Statements.

Unusual events

The financial position at 31 December 2022 of the Company and the results of the activities of the Company for the financial year for 2022 have been affected mainly by the new economic scenario, particularly, during 2022 due to Russia and Ucraina conflict, all the problems related to the increase of commodities and materials, increased. Those increase are not covered under the contract with the Client.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 01 January - 31 December 2021

	<u>Note</u>	<u>2022</u> DKK	<u>2021</u> DKK
Revenue		104,406,970	91,223,932
Expenses for raw materials and consumables		(26,771,917)	(49,448,184)
Other external expenses		(78,935,000)	(32,707,458)
Gross Profit		(1,299,947)	9,068,290
Staff expenses	3	(65,615,730)	(38,068,761)
Depreciation expenses	4	(2,216,745)	(2,442,306)
Profit/Loss before financial income and expenses (EBIT)		(69,132,422)	(31,442,777)
Financial income		13,978	1,878
Financial expenses		(208,720)	(169,633)
Profit before tax (EBT)		(69,327,163)	(31,610,532)
Tax on profit for the year		0	0
Net profit for the year		(69,327,163)	(31,610,532)

Balance Sheet 31 December 2021

Assets

	<u>Note</u>	<u>2022</u> DKK	<u>2021</u> DKK
Other fixture and fittings, tools and equipment	4	2,724,691	6,942,053
Property, plant and equipment		2,724,691	6,942,053
Fixed Assets		2,724,691	6,942,053
Inventories		10,624,717	18,350,613
Contract assets	6	12,430,062	8,425,438
Trade receivables		11,415,181	8,293,730
Receivables from related parties	10	9,426,083	21,155,516
Other receivables		6,699,148	6,708,576
Prepayments	7	4,897,180	6,623,504
Receivables		44,867,654	51,206,764
Cash at bank and in hands		2,198,791	11,090,111
Total Current Assets		57,691,162	80,647,488
Total Assets		60,415,853	87,589,541

Balance Sheet 31 December 2021

Equities and Liabilities

	<u>Note</u>	<u>2,022</u> DKK	<u>2,021</u> DKK
Contributed capital		0	0
Retained earnings		(107,028,117)	(37,700,953)
Total Equity		(107,028,117)	(37,700,953)
Prepayments received from customers	8	7,600,625	0
Lease obligations	8	869,729	4,159,435
Long-term debt		8,470,354	4,159,435
Trade payables		19,010,684	31,564,685
Payables to related parties	10	120,075,570	68,267,367
Prepayments received from customers	8	5,000,000	4,170,781
Lease obligations	8	1,758,268	2,678,067
Other payables		13,129,094	14,450,159
Short-term Debt		158,973,616	121,131,059
Total Liability		167,443,970	125,290,494
Total Equity and Liability		60,415,853	87,589,541
Going concern	1		
Uncertainty relating to recognition and measurement	2		
Distribution of profit	5		
Contingent assets, liabilities and other financial obligations	9		
Related parties	10		

Statement of Changes in Equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
	DKK	DKK	DKK
Equity at 01 January 2022	0	(37,700,953)	(37,700,953)
Net profit/loss for the year	0	(69,327,163)	(69,327,163)
Equity at 31 December 2021	0	(107,028,117)	(107,028,117)

Notes to the Financial Statements

1 Going concern

In order to ensure sufficient liquidity, the Company has received a Letter of Support from the Parent Company Euroimpianti SpA, declaring that they will provide the required liquidity for planned activities in ECS MEP Contractor I/S until 30th November 2024, so that the Company is to be considered as going concern.

2 Uncertainty relating to recognition and measurement

When preparing financial statements, Management makes a number of accounting choices, judgements and estimates forming the basis of recognition and measurement of the Company's assets and liabilities as well as income and expenses. The estimates are based on historical experience and other factors which Management considers appropriate in the circumstances, but which are inherently uncertain or unpredictable. The assumptions may be incomplete or inaccurate, and contingencies or unexpected circumstances may arise. The Company is moreover exposed to risks and uncertainties that may result in the actual outcome deviating from these estimates. Consequently, estimates may be subject to considerable uncertainty.

Contract work in progress

Work in progress includes contract work in progress of a cumulative selling price of DKK 179.740.520 Contract work in progress has been measured and recognized based on an estimate, and the measurement is therefore subject to uncertainty.

3 Staff expenses

	<u>2022</u>	<u>2021</u>
Wages and salaries	(51,736,152)	(25,744,820)
Pensions	(6,504,907)	(2,612,091)
Other social security expenses	(373,226)	(152,798)
Other staff expenses, including seconded staff	(7,001,446)	(9,559,052)
	<u>(65,615,730)</u>	<u>(38,068,761)</u>
Average number of employees	<u>80</u>	<u>45</u>

Notes to the Financial Statements

	<u>2022</u>	<u>2021</u>
	DKK	DKK
4 Property, plant and equipment		
Cost at 01 January 2022	9,671,343	5,081,805
Additions for the year	0	4,589,538
Deletion for the year	(3,382,015)	
Cost at 31 December	<u>6,289,328</u>	<u>9,671,343</u>
Impairment losses and depreciation at 01 January 2022	(2,729,290)	-286,984
Depreciation for the year	(2,216,745)	(2,442,306)
Deletion for the year	1,381,398	
Impairment losses and depreciation at 31 December	<u>(3,564,637)</u>	<u>(2,729,290)</u>
Carrying amount at 31 December	<u>2,724,691</u>	<u>6,942,053</u>
Including assets under financial lease amounting to	<u>0</u>	<u>1</u>
5 Distribution of profit		
Retained earnings	(69,327,163)	(31,610,532)
	<u>(69,327,163)</u>	<u>(31,610,532)</u>
6 Contract assets and liabilities		
Selling price of work in progress	179,740,520	89,828,265
Payments received on account	(167,310,458)	(81,402,827)
	<u>12,430,062</u>	<u>8,425,438</u>
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	<u>12,430,062</u>	<u>8,425,438</u>
	<u>12,430,062</u>	<u>8,425,438</u>
7 Prepayments		
Prepayments consist of prepaid expenses concerning rent, insurance premiums, subcontractor and supplier advances as well.		

Notes to the Financial Statements

2022 2021
DKK DKK

8 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below.

Prepayments received from customers

After 5 years	0	0
Between 1 and 5 years	7,600,625	0
Long-term part	7,600,625	0
Within 1 year	5,000,000	4,170,781
	12,600,625	4,170,781

Lease obligations

After 5 years	0	0
Between 1 and 5 years	869,729	4,159,435
Long-term part	869,729	4,159,435
Within 1 year	1,758,268	2,678,067
	2,627,997	6,837,502

9 Contingent assets, liabilities and other financial obligations

The Company has not placed any assets as security with bankers etc., and the Company has no contingent liabilities as at 31 December 2022.

In connection with the work in progress the two partners have issued an advance payment guarantee of DKK 12.7 million.

Notes to the Financial Statements

10 Related parties

	Basis
Controlling interest	
Aurelia Srl	Ultimate Parent Company
Euroimpianti SpA	Partner with majority share

Transactions

The company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with action 98(c)(7) of the Danish Statements Act.

There are no related party transactions that have not been carried through on market terms.

Consolidated Financial Statements

The company is included in the Group Report of the Ultimate Parent Company and in the Group Report of the partner with majority share:

Name	Place of registered office
Aurelia Srl	Corso Romita n.10, 15057 Tortona (AL), Italy
Euroimpianti SpA	Strada Statale per Alessandria 6/a, 15057 Tortona (AL), Italy

The Group Annual Report of Aurelia Srl may be obtained at the following address:

Corso Romita n. 10
15057 Tortona (AL)
Italy

The Group Annual Report of Euroimpianti SpA may be obtained at the following address:

Strada Statale per Alessandria 6/a,
15057 Tortona (AL)
Italy

Notes to the Financial Statements

11 Accounting Policies

The Annual Report of ECS MEP Contractor I/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The Financial Statements for 2022 are presented in DKK.

11.1 Recognition and measurement

Revenues are recognized in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortized cost are recognized. Moreover, all expenses incurred to achieve the earnings for the year are recognized in the income statement, including depreciation, amortization, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognized in the income statement.

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

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

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

11.2 Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognized in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognized directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognized in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

11.3 Leases

Leases are recognised in the balance sheet at the calculated amount of the lease liability in accordance with IFRS 16. The lease liability is calculated at the present value of the lease payments calculated by applying the interest rate implicit in the lease or ECS MEP Contractor I/S's incremental borrowing rate as discount rate if the interest rate implicit in the lease is not available. Lease assets are depreciated and written down for impairment under the same policy as for ECS MEP Contractor I/S's other fixed assets.

The Company has chosen to apply the exemptions concerning short-term and low-value leases. Therefore, such lease assets are not recognised as assets and liabilities in the balance sheet. The costs are recognised in the income statement on a straight-line basis over the lease term.

The lease liability is recognised in the balance sheet under debt and is adjusted for prepaid lease payments on a current basis. At the same time, interest is added on the liability. Interest expenses are charged to the income statement on a current basis.

Notes to the Financial Statements

11 Accounting Policies

11.4 Income Statement

Revenue

Revenue from contracts with customers is recognised on the basis of transfer of control, which according to IFRS 15 takes place at the time when control of the service delivered passes to the customer.

Control is considered passed to the customer when:

- a binding sales agreement has been made;
- delivery has been made before year end;
- the sales price has been determined; and
- payment has been received or may with reasonable certainty be expected to be received.

Revenue in respect of which ECS MEP Contractor I/S delivers is recognised over time (“construction contracts”). This revenue is calculated on the basis of the selling price of work performed for the year (percentage of completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to ECS MEP Contractor I/S.

The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise expenses for subcontractors, technical assistance and expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as other payroll related expenses including seconded staff.

Amortization, depreciation and impairment losses

Amortization, depreciation and impairment losses comprise amortization, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognized in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

The Company is not an independent tax subject, consequently no tax has been included in the annual report.

Notes to the Financial Statements

11 Accounting Policies

11.5 Balance Sheet

Property, Plant and Equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost added revaluations and reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-5 years
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Depreciation period and residual value are re-assessed annually.

The fixed assets' residual values are determined at nil.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortization and depreciation.

If so, the asset is written down to its lower recoverable amount.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realizable value.

The net realizable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realizable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

Receivables

Receivables are measured in the balance sheet at the lower of amortized cost and net realizable value, which corresponds to nominal value less provisions for bad debts.

Contract assets and liabilities

Contract work in progress

Contract work in progress regarding service is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognized as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realizable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Prepayments

Prepayments comprise prepaid expenses concerning subcontractors, technical assistance, rent, insurance premiums, subscriptions and interest.

Notes to the Financial Statements

11 Accounting Policies

Equity

Dividends

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Financial debts

Debts are measured at amortized cost, substantially corresponding to nominal value.

Prepayments received from customers

Prepayments received from customers comprise payments received in respect of income in subsequent years.



Independent Auditor's Report

To the shareholders of ECS MEP Contractor I/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2022, and of the results of the Company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of ECS MEP Contractor I/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements 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 International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBACode) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.



Independent Auditor's Report

Management's Responsibilities for the Financial Statements

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

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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 and the additional requirements applicable in Denmark 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.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosure and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.



Independent Auditor's Report

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Odense, 25th May 2023

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Mikael Johansen
State Authorized Public Accountant
mne23318

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