



ANNUAL REPORT 2020/21

Welcon A/S
Vejevej 270
7323 Give
Denmark
CVR no.: 31 49 14 01

The Annual Report was presented and approved at the Annual General Meeting of the Company on 30 September 2021.
Chairman: Kenneth Nielsen Leth

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MANAGEMENT'S REVIEW

WE BELIEVE THAT THOSE WHO ACT MORE AND TALK LESS ARE GOING TO CHANGE THE WORLD

We produce towers and other large steel structures for wind turbines in the renewable energy sector. From our factory in Give, we have delivered a significant part of towers for offshore wind turbines installed in oceans on the European market.

This year we successfully completed the manufacture of the first prototype of the Tetra Spar floating foundation for Stiesdal Offshore Technologies. An important step towards widening our business scope. The next Tetra Spar concept prototype is being planed already. There is a huge potential globally for offshore wind on large water depths based on floating solutions.

We have the will, the skills and the opportunities

With more than 55 years of experience, we are a strong and innovative player in the renewable energy market. On a continuous basis we expand and develop our production facilities in order to meet market demands for even larger wind turbines and through application of robotic technologies, we achieve market leading production efficiency.

We provide certainty in an uncertain sector. A sector in which the mission is clearly to provide solutions for a green world without fossil fuels.

Our goal is to be an important player in the green transformation to save our planet, and you can be sure that we keep our promises – no compromises. You can also be certain that we continually challenge status quo in the way we do business.

Having the will, the skills and the opportunities implies certain obligations. The renewable energy transition cannot happen fast enough and for that reason, we believe in action. Those who dare to act are going to change the world.

Business activities

The company's purpose is development activities, trading activities and production activities in connection with e.g. towers for wind turbines, directly or indirectly through subsidiaries or associates as well as all activities related thereto at the discretion of the Board of Directors.

740 MIO DKK

Revenue
2020/2021

55 MIO DKK

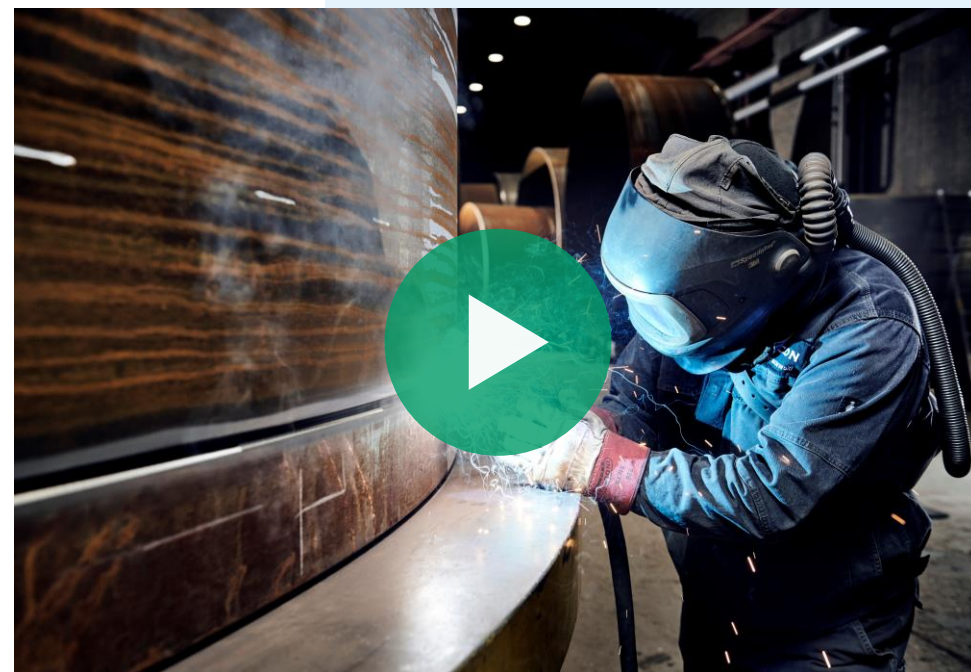
Equity
31.05.2021

+55 YEARS

of experience within steel
construction

+1,100

tower sections per year



STEEL THE FUTURE

We are down-to-earth steel manufacturers. We believe that a sustainable future must be built by something that is durable and therefore, we say "steel the future".

WE HAVE EMERGED STRONGER FROM THE COVID-19 CRISIS THAN EXPECTED

Profit despite the wind market facing pressure

Owing to our more than 400 employees and 100 contractors as well as a value chain that only has been affected to a limited extent, we have maintained production despite restrictions due to COVID-19. Some of our suppliers have faced minor challenges. However, these did not have any negative impact on our business. Furthermore, our customers have purchased products as agreed.

Despite the wind market facing pressure we have succeeded in achieving last year's positive results.

Financial review

The result for the financial year 2020/21 is DKK 2.1 million compared with DKK 2.4 million in the financial year 2019/20. Considering the circumstances, we are satisfied with the development. Our balance sheet at 31 May shows equity of DKK 54.7 million compared with DKK 82.6 in the financial year 2019/20.

Throughout the years we have invested heavily in new technologies and optimized our facilities to make us one of the most competitive tower manufacturers in the world. However, the wind turbine market is facing pressure due to tough competition amongst the suppliers.

Expansion of production facilities in Give

To accommodate the increasing sizes of wind turbines we have expanded both our production capacity and capability as well as our storage areas for finished tower sections.

The total area of the Welcon facility is now 400,000 m² with the latest expansion of which 75,000 m² are production buildings.

Thanks to all employees

2020/21 has been a very challenging year for all our employees due to COVID-19. We are proud of how our employees have adapted to a new and until now unseen situation while continuing to have a strong customer focus.

I would also like to take the opportunity to thank our customers and business partners for the good co-operation in the past year.

Jens Risvig Pedersen

CEO

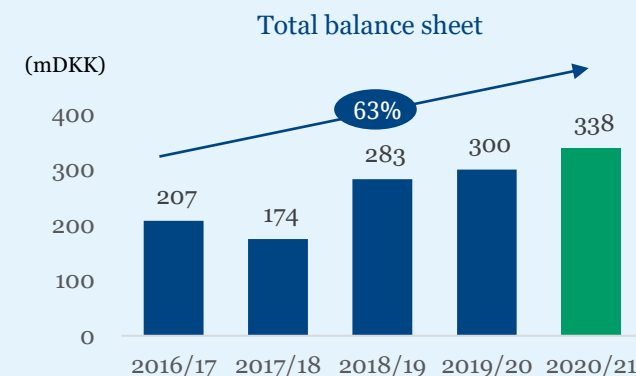
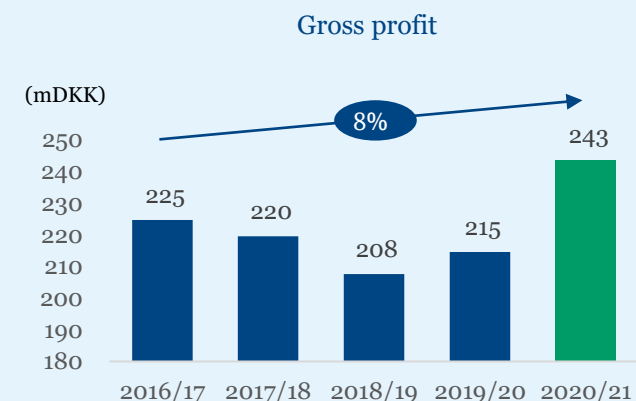
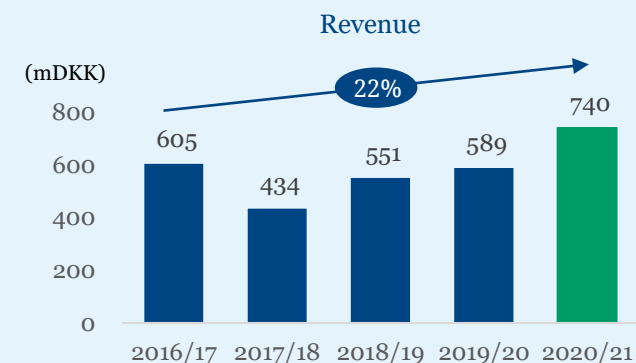


5 YEARS' DEVELOPMENT AT WELCON A/S

Seen over a 5-year period, the development of the company may be described by means of the following financial highlights:

DKK'000	2016/17	2017/18	2018/19	2019/20	2020/21
Profit/loss					
Revenue	604,554	434,412	550,879	588,724	740,107
Gross profit	224,686	219,541	207,565	214,506	243,415
Profit/loss before net financials	44,854	52,373	9,882	2,657	5,168
Net financials	(1,033)	(167)	(341)	568	(2,334)
Profit/loss for the year	34,416	40,760	7,432	2,363	2,133
Balance sheet					
Total balance sheet	207,304	174,215	282,632	299,864	337,820
Investment in property, plant and equipment	(1,231)	(571)	(1,095)	(1,192)	(1,544)
Equity	72,060	82,820	80,251	82,614	54,747
Cash flows from:					
- operating activities	75,466	10,272	482	104,637	(30,277)
- investing activities	(1,069)	(571)	(835)	(3,171)	(23,241)
- financing activities	(55,000)	(30,000)	(10,000)	0	(30,000)
Numbers of employees	322	302	348	361	416
Financial ratios					
Return on assets	20.7%	27.5%	4.3%	0.9%	1.6%
Solvency ratio	34.8%	47.5%	28.4%	27.6%	16.2%
Return on equity	41.8%	52.6%	9.1%	2.9%	3.1%

The financial ratios are calculated in accordance with the Danish Finance Society's recommendations and guidelines. For definitions, see the summary of significant accounting policies.



EXPECTATIONS FOR 2021/22

We have a business strategy to grow with the market and our customer's needs. This strategy demands that we continuously invest in expanding our capacity and capabilities in our production facilities. The entire world is asking for green solutions to solve the issues with global warming. In particular, the offshore wind market is expected to grow massively over the next decade.

Global footprint

To become a major player in the booming American offshore wind market is one of the elements in our strategy. The Equinor group has recently won the United States', so far, largest renewable energy project – namely, two large wind farms off the coasts of the State of New York which will supply one of the world's most famous cities with wind energy.

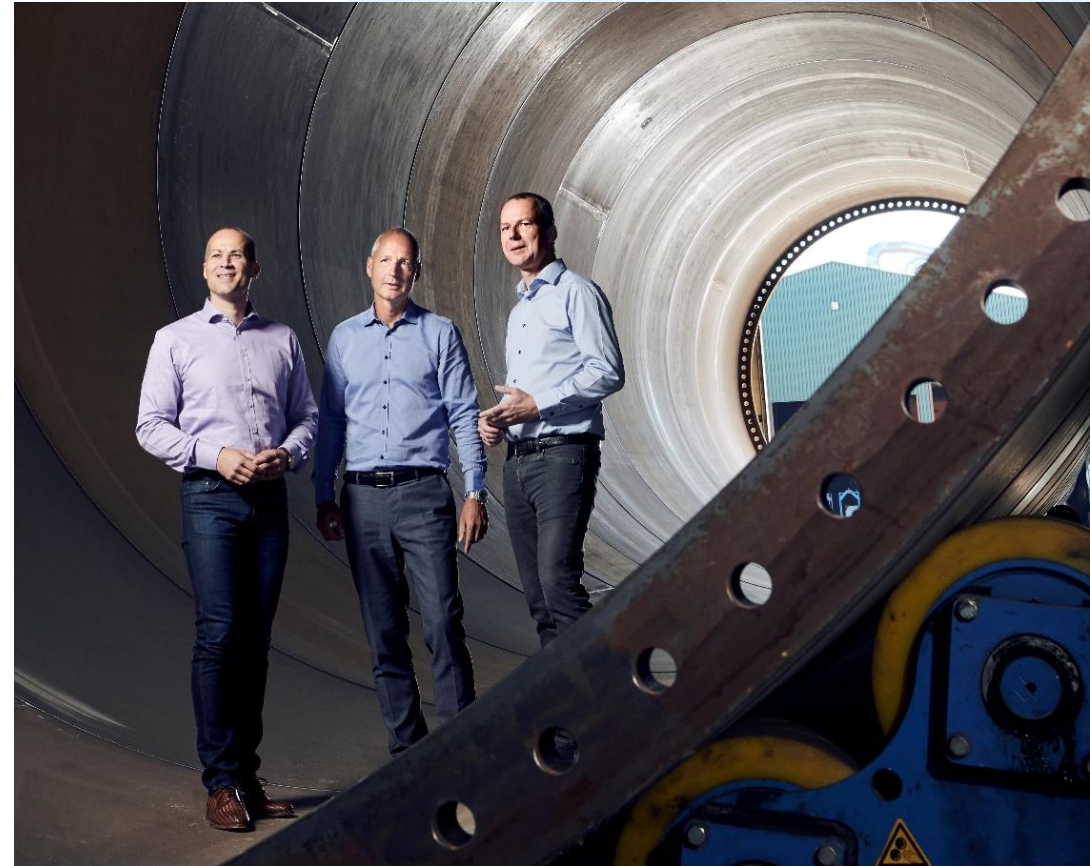
Together with Marmen, we will build a factory at the Port of Albany, that will deliver towers to the two wind farms that Equinor builds. The factory will also be able to deliver towers, transition pieces and floating foundations etc. to upcoming offshore wind farms located on the east coast of the US. The factory is expected to start up production at the end of 2023. Marmen is a major and experienced onshore tower manufacturer for the north American market. Welcon brings offshore knowledge to the partnership as one of the biggest tower manufacturers in the world.

Alongside the American project, we have entered into a technology transfer co-operation with Century Huaxin Wind Energy in Taiwan, to build a factory in the harbor of Taichung. The production will begin in 2022.

These two partnerships are important elements in our strategy. We will thereby increase our presence on the markets.

Expected development of the company, including specific prerequisites and uncertainties

The management expects the financial statements for 2021/22 to show same activity level and improved results compared to the current year.



OUR VALUES ARE OUR FOUNDATION FOR CREATING A SUSTAINABLE BUSINESS MODEL



Predictable

Deliver as agreed on time. We take time to understand the scope of a given project, define our offers and deliver exactly that at the right time.



Curious

We always look ahead and explore new ground, because new and better solutions never appear out of nothing. Knowledge is and has always been the key.



Opportunistic

While the world is talking, wondering and pondering, we use experience and knowledge to create new opportunities and business instead.



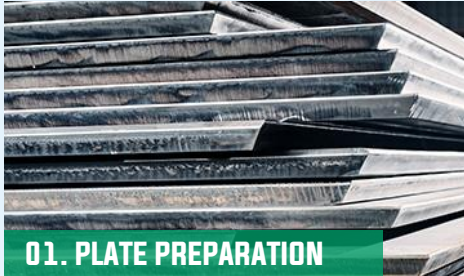
Accessible

Collaboration works when we understand each other, share knowledge, data and progress in a way that is easy to understand, so that's what we aim to be - accessible.



INNOVATIVE TECHNOLOGIES

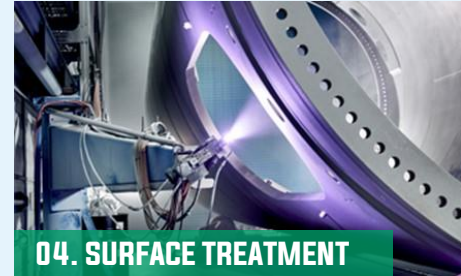
Our production facilities are one-of-a-kind in the world. Automation, safety, quality and efficiency are key in the way we think and work.



01. PLATE PREPARATION

To manufacture the best steel constructions in the business, the starting point must be perfect. We cut, bevel and quality check a large number of steel plates.

For this we have a very modern and large facility, enabling in-house plate preparation of all steel plates.



04. SURFACE TREATMENT

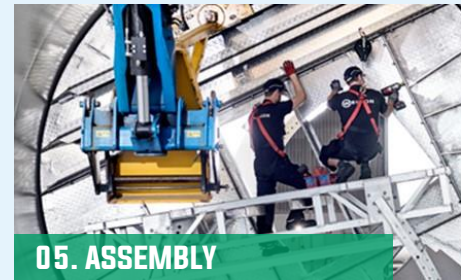
Perfect perception and ultimate protection is essential, when you manufacture quality constructions able to withstand the forces of nature and the test of time.

Our surface treatment facility does exactly that, on a very large scale.



02. PLATE ROLLING

Try to roll a small sheet of metal into a perfect circle. It isn't that easy to get it just right? Now, imagine rolling a massive sheet of steel into a perfect circle of up to nine meters in diameter, where millimeter precision is essential. Quite a task, right? We do this every day and can roll steel plates with thickness up to 140 mm.



05. ASSEMBLY

Every product is different from the others in one way or the other. Regardless of specific use and assembly needs, our skilled and experienced engineers and assembly teams get the job done – in close sparring and collaboration with our customers. Everybody has special needs – we have special skills.



03. WELDING

The art of welding is the craft and science of deep material understanding, precision and innovation.

We've developed and optimized this craft through more than half a century, and our process, efficiency and quality is renowned throughout the industry.



06. LOADING & TRANSPORT

We manufacture very large and heavy products, and we have the equipment to handle it.

Every new and shiny tower or construction leaving our factory is venturing on a special voyage to be part of a cleaner and even better future. It's magical.

FACILITIES & CAPACITY

Everything at our production facility is large-scale, but we always operate with attention to detail, monitor and document when relevant and necessary.

100,000 TON

Cutting capacity per year

We cut, roll and weld a massive amount of steel every year. You can count on us to be best in class doing this, due to our vast experience and skills – developed throughout the years – adjusting to market demands and client preferences.

150 TON

Overhead crane capacity

Look up – there's something in the air! It really is impressive to watch our massive steel constructions in our manufacturing facilities float effortlessly through the air.

What we do is heavy, but we have the equipment to handle it.

300 TON

Weight capacity

We've made a lot of wind turbine towers throughout the years. But as long as it is made from steel, we can make other products as well, with weights all the way up to 300 ton.

45 M

Length capacity

As with the weight of our products, we can also go large, when it comes to the length of our products. And as size matters in our industry, we can handle products up to 45 m.

Ø9,000 MM

Diameter capacity

We have always pushed the limit for how large we can go, in terms of towers for wind turbines.

Today we can manufacture constructions up to ø9,000 mm., and surface treat up to ø8,000 mm.

+1,100

Section capacity per year

That's quite a few. And it makes us one of the largest suppliers of towers in the industry.

+70,000 M²

Production facilities

We need a lot of space to manufacture our towers and other steel constructions.

Our facility is technologically state-of-the-art, and highly automated.

And we continuously optimize our production.

Ø8,000 X 45 M

Surface treatment

Our automated surface treatment facility is nothing less than spectacular.

We blast, metallize and paint the massive steel components, and verify that the end products always meet the specifications agreed upon.

AN INCLUSIVE AND DIVERSE WORKFORCE

Teamwork and commitment

Teamwork and partnership are very important at Welcon. We currently represent 15 different nationalities which means that it is important that we are able to work with colleagues and business partners cross-border. We value people who appreciate teamwork, have the knowledge and are not afraid to challenge the status quo and speak their mind.

As our employee you will not only help us think about our future but also help us to shape and create it. We transform our ideas into towers and other steel constructions.

We strive to create an environment in which our employees look forward to going to work every day and to enjoy exciting new opportunities. We set a framework for our employees in which they can develop professionally and personally.

Our foundation

Our company is based on co-operation across departments and companies. We are forward looking and act according to our values.

We are constantly watching the market and making decisions in accordance with our values.

We want to be our current and new customers' first choice. To qualify for this we have set ambitious and challenging business objectives. These objectives ensure that we always fulfill our customer's needs and criteria. We continuously invest in human capital ensuring that we have the knowledge and skills to exceed both our own and our customers' expectations.

At Welcon we have a feedback culture throughout the entire value chain. We appreciate feedback from our employees, suppliers and customers, as it helps us in our journey towards world class performance.

KEY FIGURES

+480
employees

15
different nationalities

35
average age



WE TAKE HEALTH & SAFETY SERIOUSLY

Our commitment

We will ensure that all practical and effective measures are in place to protect the Health and Safety of our employees, suppliers, customers and others that may be affected by our operations.

The overall responsibility for Health and Safety rests with the Managing Director. Furthermore, an internal Safety Organisation has been established according to the legal requirements in Denmark. The internal Safety Organisation consists of representatives from the general management, shop floor management and employees, including the general employee representative. The Health and Safety Policy is implemented and maintained in co-operation between the Safety Organisation and the management of Welcon.

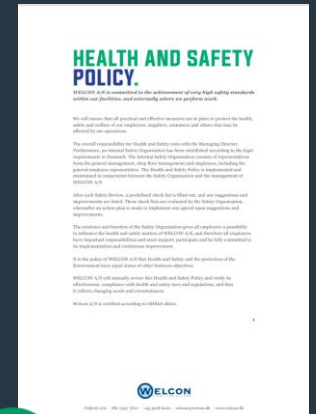
Health and Safety assessments are done using predefined check lists and suggestions and improvements are listed. The outcome of the assessments are evaluated by the Safety Organisation, and action plans with improvements are established and implemented.

The existence and function of the Safety Organisation give all employees a possibility to influence the Health and Safety matters of Welcon, and therefore all employees have important responsibilities and must support, participate and be fully committed to continuous improvement.

At Welcon Health and Safety is prioritized equal to business objectives. We will annually review this Health and Safety Policy and objectives, and verify its effectiveness, compliance with Health and Safety laws and regulations, and that it reflects changing needs and circumstances.

Welcon is certified according to ISO 45001.

We are committed to the achievement of very high safety standards within our facilities, and externally where we perform work. And we are of course certified according to ISO 45001.





WORKING FOR A BETTER TOMORROW

Our commitment

We are committed to protecting the environment, and we believe that any company has a responsibility not to compromise the ability of future generations to fully enjoy the benefits of a clean environment. The impact that any of our activities, or even those of our customers or suppliers, might have on the environment is for us an important consideration.

As a consumer we will seek to reduce our consumption of non-renewable resources, increase our use of renewable resources, and whenever practicable will select materials which have the least impact on the environment throughout their life cycle.

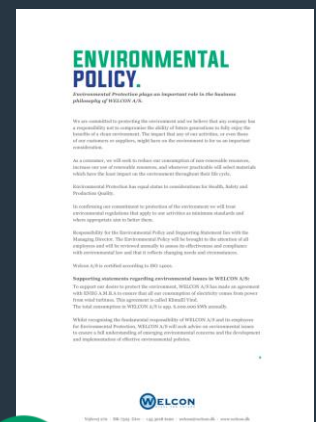
Environmental protection has equal status as other business objectives.

In confirming our commitment to protection of the environment we will fulfill environmental regulations that apply to our activities and where appropriate aim to exceed them.

Responsibility for the Environmental Policy and Statement lies with the Managing Director. The Environmental Policy will be brought to the attention of all employees and will be reviewed annually to assess its effectiveness and compliance with environmental law and that it reflects changing needs and circumstances.

Welcon is certified according to ISO 14001.

Environmental Protection plays an important role in the business philosophy of WELCON.





REDEFINING STANDARDS

High standards

In order to be the preferred supplier to our customers, and to continuously develop our leading position in the business, we have implemented a portfolio of quality objectives.

We set high standards in providing high level quality products and services to our customers. The customer perception should be visible in all aspects of the co-operation with Welcon. We welcome feed-back from our customers to ways we can improve our quality.

All employees are introduced and trained, so they are knowledgeable and capable of performing the activities, they are responsible for in the company.

Welcon is certified according to ISO 9001.

An important prerequisite for success for Welcon is that our products and services always meet or exceed the expectations and requirements of our customers.



CERTIFICATION
ISO 9001:2015



POLICY
QUALITY

WORLD LEADER IN OFF-SHORE TOWERS

YEAR	CUSTOMER	PROJECT NAME	TURBINE TYPE	TOWERS	SECTIONS	MW
2021	Vestas	Seagreen	9.5-V164	63	190	599
2021	Siemens-Gamesa	Hornsea 2	SG-8.0-167 DD	60	180	480
2020	Siemens-Gamesa	Fryslan	SG 4.3-130	45	135	194
2020	Siemens-Gamesa	Costal Virginia (US)	SG-7.0-154 DD	2	6	14
2019	Vestas	Triton Knoll	9.5-V164	43	127	409
2019	Siemens-Gamesa	Borssele 1+2	SG-7.0-154 DD	80	240	560
2019	Vestas	Moray East	9.5-V164	54	162	513
2019	Vestas	Borssele	9.5-V164	46	138	437
2019	Vestas	Northwester	9.5 - V164	11	33	105
2019	Siemens-Gamesa	East Anglia	SG-7.0-154 DD	30	90	210
2018	Senvion	Trianel	6.2 - 152	32	96	198
2018	Siemens-Gamesa	Albatros	SG-7.0-154 DD	16	48	112
2018	Siemens-Gamesa	Hohe See	SG-7.0-154 DD	71	213	497
2018	Vestas	Deutsche Bucht	8.0 - V164	19	57	152
2018	Siemens-Gamesa	Beatrice	SG-7.0-154 DD	48	144	336
2018	Vestas	Norther	8.0 - V164	22	66	176
2017	Vestas	Horns Rev 3	8.0 - V164	30	90	240
2017	Vestas	Aberdeen Bay	8.0 - V164	11	33	88
2017	Siemens-Gamesa	Walney II Ext.	SG-7.0-154 DD	20	60	140
2017	Vestas	Borkum Riffgrund II	8.0 - V164	30	90	240
2017	Siemens-Gamesa	Galloper	SWT-6.0-154	56	168	336
2017	Vestas	Blyth	8.0 - V16 4	5	15	40
2016	Vestas	Walney II Ext.	8.0 - V164	12	36	96
2016	Siemens-Gamesa	Dudgeon	SWT-6.0-154	41	123	246
2016	Vestas	Burbo Banks	8.0 - V164	11	22	88
2016	Siemens-Gamesa	Sandbank	SWT-4.0-130	41	123	164
2015	Siemens-Gamesa	Gemini	SWT-4.0	76	228	304
2015	Siemens-Gamesa	Gode Wind	SWT-6.0-154	55	165	330
2015	Siemens-Gamesa	Westermeerwind	SWT-3.0-108	24	96	72
2014	Siemens-Gamesa	Amrumbank West	SWT-3.6-120	80	240	288
2014	Siemens-Gamesa	Baltic II	SWT-3.6-120	41	123	148
2013	Siemens-Gamesa	Dantysk	SWT-3.6-120	61	183	220
2013	Siemens-Gamesa	West of Duddon Sands	SWT-3.6-120	86	258	310
2012	Siemens-Gamesa	Anholt	SWT-3.6-120	65	195	234
2012	Siemens-Gamesa	Gunfleet Sands	SWT-3.6-107	2	6	12
2012	Siemens-Gamesa	Teesside	SWT-2.3-93	27	54	62
TOTAL				1.416	4.233	8.650

SPECIAL RISKS, INCLUDING BUSINESS AND FINANCIAL RISKS

Trading risks

The company's trading risks are related to the changes in revenue and the contribution margin of products sold. The company hedges trading risks on an ongoing basis by focusing on the company's core competences as regards sales, purchasing and efficient production of high-quality products.

Currency risks

The company's customers are invoiced in DKK or EUR. The company's primary costs are in DKK or EUR.

There are few currency risks and hedging is not necessary.

Credit risks

Credit risks are related to the value of the current assets and considered immaterial.

Statutory disclosure of corporate social responsibility

Disclosure of corporate social responsibility is included in the consolidated financial statements of the parent company CJ Holding ApS.





ANNUAL REPORT 2020/21

INCOME STATEMENT

1 JUNE 2020 – 31 MAY 2021

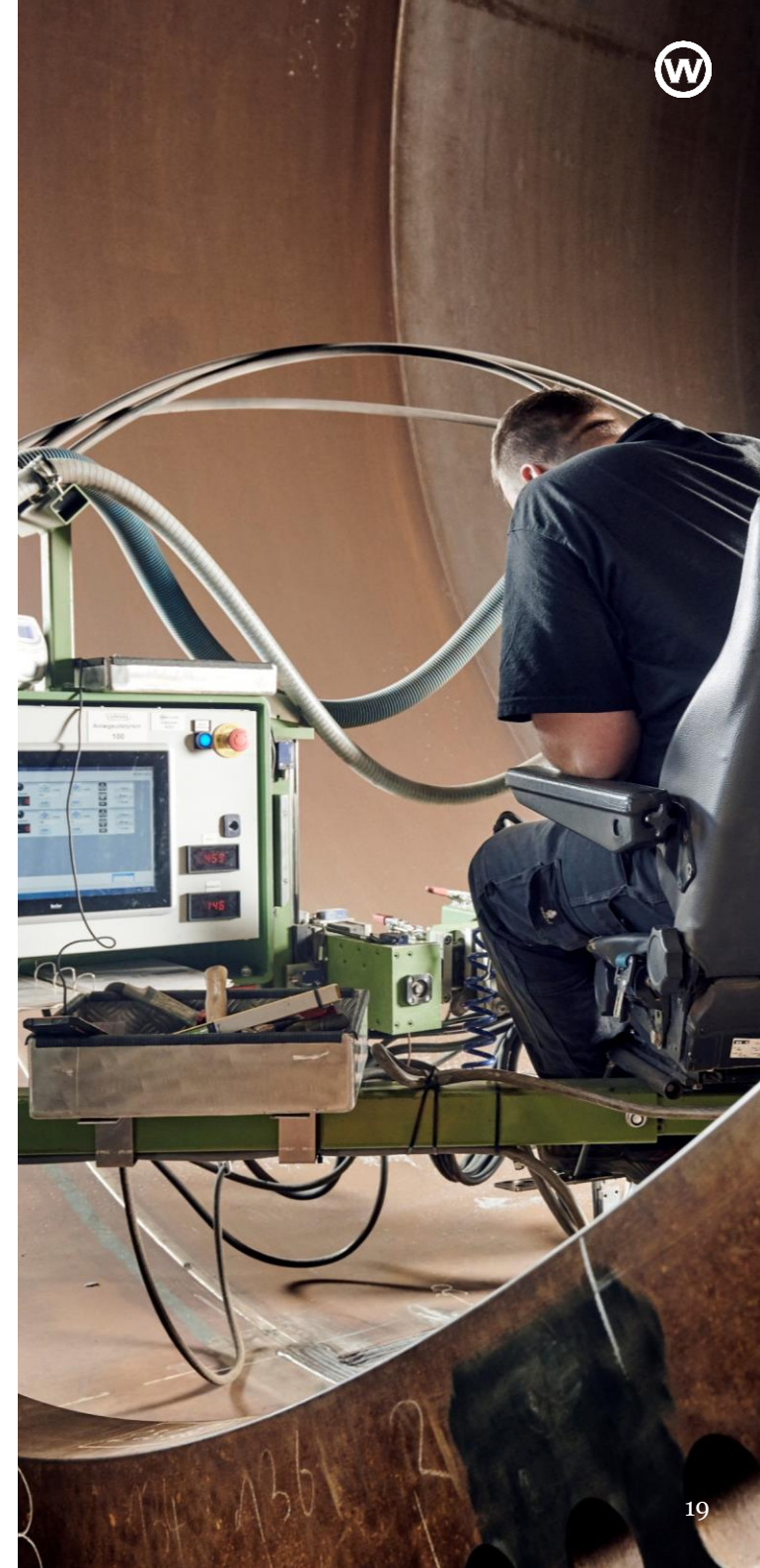
DKK'000	Note	2020/21	2019/20
Revenue	1	740,107	588,724
Other operating income		1,572	1,479
Raw materials and consumables		(395,010)	(287,199)
Other external expenses		(103,254)	(88,498)
Gross profit		243,415	214,506
Staff costs	2	(236,810)	(209,375)
Earnings before interest, tax, depreciation and amortisation		6,605	5,131
Depreciation, amortisation and impairment of machinery and equipment		(1,437)	(2,474)
Profit/loss before net financials		5,168	2,657
Financial income	3	376	2,033
Financial costs	4	(2,710)	(1,465)
Profit/loss before tax		2,834	3,225
Tax on profit/loss for the year	5	(701)	(862)
Profit/loss for the year		2,133	2,363
Distribution of profit	6		



BALANCE SHEET AT 31 MAY 2021

ASSETS

DKK'000	Note	2021	2020
Plant and machinery		2,793	2,655
Other fixtures and fittings, tools and equipment		6,735	6,933
Tangible assets	7	9,528	9,588
Deposits	8	23,022	1,168
Fixed asset investments		23,022	1,168
Total fixed assets		32,550	10,756
Raw materials and consumables		3,382	2,989
Work in progress		66,254	95,927
Stocks		69,636	98,916
Trade receivables		207,531	26,169
Contract work in progress	9	0	5,287
Receivables from group entities		21,743	67,227
Other receivables		30	0
Deferred tax asset	10	2,113	0
Joint taxation contributions receivable		2,537	2,815
Prepayments	11	883	4,411
Receivables		234,837	105,909
Cash at bank and in hand		797	84,283
Total current assets		305,270	289,108
Total assets		337,820	299,864



BALANCE SHEET AT 31 MAY 2021

EQUITY AND LIABILITIES

DKK'000	Note	2021	2020
Share capital		10,000	10,000
Retained earnings		44,747	72,614
Total equity	12	54,747	82,614
Provision for deferred tax	13	0	4,690
Other provisions	14	2,000	2,000
Total provisions		2,000	6,690
Joint taxation contributions payable		7,226	0
Other payables		19,650	13,143
Total non-current liabilities		26,876	13,143
Banks		32	0
Prepayments received from customers		1,925	0
Trade payables		142,161	127,224
Other payables		97,605	56,814
Deferred income	15	12,474	13,379
Total current liabilities		254,197	197,417
Total debt		281,073	210,560
Total equity and liabilities		337,820	299,864
Contingent liabilities	16		
Mortgages and collateral	17		
Related parties and ownership structure	18		



STATEMENT OF CHANGES IN EQUITY

DKK'000	Share capital	Retained earnings	Proposed dividend for the year	Total
Equity at 1 June 2020	10,000	72,614	0	82,614
Extraordinary dividend paid	0	0	(30,000)	(30,000)
Net profit/loss for the year	0	(27,867)	30,000	2,133
Equity at 31 May 2021	10,000	44,747	0	54,747



CASH FLOW STATEMENT

1 JUNE 2020 – 31 MAY 2021

DKK'000	Note	2020/21	2019/20
Net profit/loss for the year		2,133	2,363
Adjustments	19	4,472	2,768
Change in working capital	20	(34,548)	100,863
Cash flows from operating activities before financial income and expenses		(27,943)	105,994
Interest income and similar income		376	2,033
Interest expenses and similar charges		(2,710)	(1,465)
Cash flows from ordinary activities		(30,277)	106,562
Corporation tax paid		0	(1,925)
Cash flows from operating activities		(30,277)	104,637
Purchase of property, plant and equipment		(1,544)	(1,192)
Sale of property, plant and equipment		157	0
Change in deposits		(21,854)	0
Adjustment property, plant and equipment		0	(1,979)
Cash flows from investing activities		(23,241)	(3,171)
Dividend paid		(30,000)	0
Cash flows from financing activities		(30,000)	0
Change in cash and cash equivalents		(83,518)	101,466
Cash at bank and in hand		84,283	17,356
Overdraft facility		0	(34,539)
Cash and cash equivalents, beginning of year		84,283	(17,183)
Cash and cash equivalents, end of year		765	84,283
Analysis of cash and cash equivalents:			
Cash at bank and in hand		797	84,283
Overdraft facility		(32)	0
Cash and cash equivalents, end of year		765	84,283



NOTES TO THE ANNUAL REPORT

Note	DKK'000	2020/21	2019/20
1	Information on segments		
	The company only operates within one business segment and in one market, production and sale of wind turbine towers, etc. to the European wind turbine market.		
2	Staff costs		
	Wages and salaries	212,080	188,861
	Pensions	15,781	13,420
	Other social security costs	2,962	2,290
	Other staff costs	5,987	4,804
		236,810	209,375
	Average number of employees	416	361
	According to section 98 B(3) of the Danish Financial Statements Act, remuneration to the Executive board and Board of Directors has not been disclosed.		
3	Financial income		
	Interest received from group entities	341	662
	Other financial income	35	1,371
		376	2,033
4	Financial costs		
	Financial expenses, group entities	208	0
	Other financial costs	2,502	1,465
		2,710	1,465
5	Tax on profit/loss for the year		
	Current tax for the year	7,226	(2,815)
	Deferred tax for the year	(6,803)	3,677
	Adjustment of tax concerning previous years	278	0
		701	862



NOTES TO THE ANNUAL REPORT

Note	DKK'000	2020/21	2019/20
6	Distribution of profit		
	Extraordinary dividend for the year	30,000	0
	Retained earnings	(27,867)	2,363
		2,133	2,363
7	Tangible assets		
		Plant and machinery	Other fixtures and fittings, tools and equipment
	Cost at 1 June 2020	17,127	14,712
	Additions for the year	1,038	506
	Disposals for the year	(182)	0
	Cost at 31 May 2021	17,983	15,218
	Impairment losses and depreciation at 1 June 2020	14,472	7,779
	Depreciation for the year	733	704
	Reversal of impairment and depreciation of sold assets	(15)	0
	Impairment losses and depreciation at 31 May 2021	15,190	8,483
	Carrying amount at 31 May 2021	2,793	6,735
8	Fixed asset investments		
			Deposits
	Cost at 1 June 2020		1,168
	Additions for the year		21,854
	Cost at 31 May 2021		23,022
	Carrying amount at 31 May 2021		23,022



NOTES TO THE ANNUAL REPORT

Note	DKK'000	2021	2020
9	Contract work in progress		
	Work in progress, selling price	0	46,025
	Work in progress, payments received on account	0	(40,738)
		0	5,287
	Recognised in the balance sheet as follows:		
	Contract work in progress under assets	0	5,287
	Prepayments received under liabilities	0	0
		0	5,287
10	Deferred tax asset		
	Deferred tax asset is expected to be utilized within a 3 year period based on budgets.		
11	Prepayments		
	Prepayments comprise prepaid expenses regarding insurance premiums, subscriptions and prepaid suppliers.		
12	Equity		
	The share capital consists of 10,000,000 shares of a nominal value of DKK 1. No shares carry any special rights. There have been no changes in the share capital during the last 5 years.		
13	Provision for deferred tax		
	Provision for deferred tax at 1 June 2020	4,690	1,013
	Deferred tax recognised in income statement	(6,803)	3,677
	Transferred to deferred tax asset	2,113	0
	Provision for deferred tax at 31 May 2021	0	4,690
	Deferred tax asset		
	Calculated tax asset	2,113	0
	Carrying amount	2,113	0

Deferred tax consists of property, plant and equipment, inventories, prepayments, deferred income and provisions.



NOTES TO THE ANNUAL REPORT

Note	DKK'000	2021	2020
14	Other provisions		
	Balance at beginning of year	2,000	2,000
	Balance end of the year	2,000	2,000

Other provisions relate to warranty costs on goods sold. Provisions are assessed annually and based on historical data.

15 Deferred income

Deferred income consists of payments received in respect of income in subsequent financial years.

16 Contingent liabilities

The company is part of the CJ Holding cash pool arrangement. All participants in the cash pool arrangement are jointly and severally liable. As of 31 May 2021 the net debt in the cash pool arrangement amounts to DKK 9,478 thousand.

The company is part of disputes, which are not expected to incur additional obligations for the company than what has been recognized as of 31 May 2021.

Other liabilities

The company has entered into operating leases with term to maturity from 2021-2031. The total commitment relating to these leases amounts to DKK 59,465 thousand as of 31 May 2021. Hereof DKK 47,370 thousand relates to group companies. DKK 18,426 thousand is due within 1 year, hereof DKK 14,513 thousand to group companies.

The company has entered into lease obligation of land and buildings for the years 2021-2022 for production, inventory and administration. The total commitment relating to these leases amounts to DKK 34,500 thousand as of 31 May 2021.

Contingent liabilities related to group enterprises

The company is jointly taxed with its parent company, CJ Holding ApS (management company), and jointly and severally liable with other jointly taxed entities for payment of income taxes as well as for payment of withholding taxes on dividends, interest and royalties.



NOTES TO THE ANNUAL REPORT

16 Contingent liabilities (continued)

The company is part of a joint VAT registration with EsInvest A/S, Conwel A/S, EsEstate A/S, JC Invest 2009 A/S, Brande Investerings- og Finansieringsselskab A/S, Superwood Holding A/S, CJ Holding ApS, Nordvest A/S, Conelto ApS and Genvest Capital Invest A/S and is jointly and severally liable with the other companies for the payment of VAT.

17 Mortgages and collateral

The company has issued a surety to the banks as a security for the bank debt for the group companies Conwel A/S and Brande Investerings- og Finansieringsselskab A/S.

As a security for bank debt, the company has provided company charges of DKK 35,000 thousand. The company charge includes claims, inventories, operating equipment and intangible rights. The booked value of these assets amounts to DKK 308,438 thousand as of 31 May 2021.

Furthermore, the company charge has been provided as security for the bank debt for the group companies Conwel A/S and Brande Investerings- og Finansieringsselskab A/S.

18 Related parties and ownership structure

Controlling interest

CJ Holding ApS, Vejlevej 270, 7323 Give, Denmark

CJ Holding ApS holds the majority of the share capital in the company.

Transactions

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

Consolidated financial statements

The company is part of the group reporting for the parent company CJ Holding ApS, Give, Denmark, CVR no. 17 08 80 76, which is the smallest and largest group in which the company is included as a subsidiary.



NOTES TO THE ANNUAL REPORT

Note	DKK'000	2020/21	2019/20
19	Cash flow statement - adjustments		
	Financial income	(376)	(2,033)
	Financial costs	2,710	1,465
	Depreciation, amortisation and impairment losses	1,437	2,474
	Tax on profit/loss for the year	701	862
		4,472	2,768
20	Cash flow statement - change in working capital		
	Change in inventories	29,280	(35,119)
	Change in receivables	(127,093)	88,325
	Change in trade payables, etc.	63,265	47,657
		(34,548)	100,863



ACCOUNTING POLICIES

The annual report of Welcon A/S for 2020/21 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied are consistent with those of last year.

The annual report for 2020/21 is presented in DKK thousand.

Pursuant to section 96(3) of the Danish Financial Statements Act, the company has chosen not to disclose auditors' remuneration.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

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

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

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Segment information

According to section 96(1) of the Danish Financial Statements Act, information on business segments or geographical markets has not been disclosed. The company only operates within one business segment and in one market.

Revenue

Income from the sale of goods is recognised in the income statement, provided that the transfer of risk has taken place and that the income can be measured reliably and is expected to be received.

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes. Revenue is net of all types of discounts granted.

Other operating income

Other operating income comprises items of a secondary nature relative to the company's activities, including gains on the sale of items of plant and equipment.

Raw materials and consumables

Costs of raw materials and consumables include the raw materials and consumables used in generating the year's revenue.

Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

ACCOUNTING POLICIES

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial year. Net financials include interest income and expenses, realised and unrealised exchange gains and losses on foreign currency transactions and surcharges and allowances under the Danish Tax Prepayment Scheme, etc.

Tax on profit/loss for the year

The company is subject to the Danish rules on compulsory joint taxation.

On payment of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use tax losses to reduce their own taxable profits.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Tangible assets

Items of plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Where individual components of an item have different useful lives, and the individual component is a significant part of the total cost, the cost is divided into separate components, which are depreciated separately.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	Useful life
Plant and machinery	2-5 years
Other fixtures and fittings, tools and equipment	2-5 years

The useful life and residual value are re-assessed annually. A change is accounted for as an accounting estimate, and the impact on amortisation/depreciation is recognised going forward.

Gains or losses from the disposal of plant and equipment are recognised in the income statement as other operating income or other operating expenses, respectively.

Other securities and investments, fixed assets

Deposits are measured at cost.

Impairment of fixed assets

The carrying amount of items of plant and equipment is tested annually for impairment, other than what is reflected through normal amortisation and depreciation.

Where there is evidence of impairment, an impairment test is performed for each individual asset or group of assets. Write-down is made to the lower of the recoverable amount and the carrying amount.

The recoverable amount is the higher of the net present value and the value in use less expected costs to sell. The net present value is determined as the present value of the anticipated net cash flows from the use of the asset or group of assets and the anticipated net cash flows from the disposal of the asset or group of assets after the end of their useful life.

ACCOUNTING POLICIES

Stocks

Stocks are measured at cost using the FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

The cost of goods for resale, raw materials and consumables comprises the purchase price plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct cost of labour and production/production overheads.

Production overheads include the indirect cost of materials, wages and salaries as well as maintenance and depreciation of production machinery and equipment and expenses relating to plant administration and management. Borrowing costs are not recognised in the cost.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed. The selling price is measured by reference to the stage of completion at the balance sheet date and the expected aggregate income from the individual work in progress. The stage of completion is determined as the share of the expenses incurred relative to the expected total expenses for the individual work in progress.

Where the selling price of work in progress cannot be estimated reliably, the selling price is measured at the lower of costs incurred and net realisable value.

The individual work in progress is recognised in the balance sheet under receivables or payables. Net assets comprise the sum of work in progress where the selling price of the work performed exceeds invoicing on account. Net liabilities comprise the sum of work in progress where invoicing on account exceeds the selling price.

Selling costs and costs incurred in securing contracts are recognised in the income statement as incurred.

Prepayments

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

Cash and cash equivalents

Cash and cash equivalents comprise cash and deposits at banks.

Provisions

Provisions comprise expected expenses relating to service and warranty commitments to repairs within the warranty period. The warranty period on wind turbine towers and foundations is 5 years. The provisions are measured and recognized on the basis of experience with warranty work.

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

The company and all its Danish group entities are taxed on a joint basis. The current income tax charge is allocated between the jointly taxed entities relative to their taxable income. Tax losses are allocated based on the full absorption method. The jointly taxed entities are eligible for the Danish Tax Prepayment Scheme.

Joint taxation contributions payable and receivable are recognised in the balance sheet as 'Joint taxation contributions receivable' or 'Joint taxation contributions payable'.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realisable value.

Deferred tax assets, including the tax base of tax losses allowed for carry forward, are measured at the value to which the asset is expected to be realised, either as a set-off against

ACCOUNTING POLICIES

tax on future income or as a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

Liabilities

Liabilities, which include trade payables, prepayments from customers and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Deferred income

Deferred income recognised under 'Current liabilities' comprises payments received concerning income in subsequent financial years.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Cash flow statement

The cash flow statement shows the company's cash flows for the year, broken down under cash flows from operating, investing and financing activities, the year's changes in cash and cash equivalents and the company's cash and cash equivalents at the beginning and at the end of the year.

Cash flows from operating activities

Cash flows from operating activities are stated as the company's profit or loss for the year, adjusted for noncash operating items, changes in working capital and paid income taxes.

Cash flows from investing activities

Cash flows from investing activities comprise payments related to the acquisition and sale of

entities and activities as well as intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the company's share capital and related costs, as well as the raising of loans, repayment of interest-bearing debt and payment of dividends to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash and overdraft facilities.

Financial highlights

Definitions of financial ratios.

Return on assets	$\frac{\text{Profit/loss before financials} \times 100}{\text{Average assets}}$
Equity ratio	$\frac{\text{Equity at year-end} \times 100}{\text{Total assets at year-end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$

COMPANY DETAILS

The company	Welcon A/S Vejlevej 270 7323 Give
	CVR no.: 31 49 14 01
	Reporting period: 1 June 2020 – 31 May 2021
	Domicile: Vejle

Board of Directors	Carsten Risvig Pedersen, Chairman Jens Risvig Pedersen Morten Breum-Leer
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Executive board	Jens Risvig Pedersen, CEO
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Auditors	Roesgaard Godkendt Revisionspartnerselskab Sønderbrogade 16 8700 Horsens
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STATEMENT BY MANAGEMENT ON THE ANNUAL REPORT

The supervisory and executive boards have today discussed and approved the annual report of Welcon A/S for the financial year 1 June 2020 - 31 May 2021.

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 company's financial position at 31 May 2021 and of the results of the company's operations and cash flows for the financial year 1 June 2020 - 31 May 2021.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Give, 30 September 2021

Executive board

Jens Risvig Pedersen, CEO

Board of Directors

Carsten Risvig Pedersen
Chairman

Jens Risvig Pedersen

Morten Breum-Leer

INDEPENDENT AUDITOR'S REPORT

To the shareholder of Welcon A/S

Opinion

We have audited the financial statements of Welcon A/S for the financial year 1 June 2020 - 31 May 2021, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity, cash flow statement and notes. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 May 2021 and of the results of the company's operations and cash flows for the financial year 1 June 2020 - 31 May 2021 in accordance with the Danish Financial Statements Act.

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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, 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.

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 the 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 made 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 judgement and maintain professional scepticism 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.

INDEPENDENT AUDITOR'S REPORT

- 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 disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

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, we conclude that 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 of management's review.

Horsens, 30 September 2021

Roesgaard

Godkendt Revisionspartnerselskab
CVR-no. 37 54 31 28

Søren Roesgaard
State Authorised Public Accountant
MNE-no. mne33225

Michael Mortensen
State Authorised Public Accountant
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