

ANNUAL REPORT

2022/23



Welcon Group A/S
Vejlevej 270
7323 Give
Denmark
CVR No. 43 85 11 52

The Annual Report was presented and approved at the Annual General Meeting of the Company on 3 October 2023
Chairman: Kenneth Nielsen Leth

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FOR NEARLY 60 YEARS, OUR STEEL SOLUTIONS HAVE HELPED PIONEER THE DEVELOPMENT OF THE RENEWABLE ENERGY INDUSTRY

We produce towers and floating foundations for wind turbines in the renewable energy industry. As one of the leading manufacturers we have delivered a significant part of towers for offshore wind turbines to the European market. Offshore wind will grow rapidly in the years to come as the demand for green energy is exploding.

The first prototype of the Tetra Spar floating foundation for Stiesdal Offshore Technologies was delivered in 2021. The turbine installed on the floating foundation has since then successfully produced green electricity from its location near Stavanger in Norway. This year we have started the production of the next Tetra Sub prototype, which is planned to be delivered in 2025. There is a tremendous potential globally for offshore wind on large water depths based on floating solutions.

WE HAVE THE WILL, THE SKILLS AND THE OPPORTUNITIES

We are a strong, experienced, and innovative player in the renewable energy industry. On a continuous basis we expand and develop our state-of-the-art factory to meet market demands for even larger wind turbines. Through application of robotic technologies and a skilled workforce with strong competences, we achieve a market leading position.

We have a business strategy to grow with the market and our customer's needs. The world needs green solutions now to solve the problem with climate changes and dependency on fossil fuels.

CLIMATE AWARENESS

In a time where the consequences of climate change are becoming increasingly evident, as we have seen even more the past year, companies worldwide must recognize the important role they play in mitigating its impact. From heatwaves and rising waters to rainstorms and forest fires, the profound effects of climate change necessitate urgent action. Welcon Group, stands at the crossroads of opportunity and responsibility, making climate awareness an imperative for sustainable success.

The renewable energy transition cannot happen fast enough. Our goal is to supply products for the green transition to save our planet.



**NEARLY 60
YEARS**

*of experience within
steel construction*

**DKK 994
MILLION**

*annual turnover
2022/2023*

+1,100

*number of sections
per year*

23.9%

solvency ratio

**DKK 1.7
BILLION**

*total
balance sheet*

707

*employees
end of period*

**DKK 504
MILLION**

investments

**DKK 401
MILLION**

total equity

SATISFACTORY RESULTS IN A CHALLENGING YEAR

STRENGTHENING OUR BUSINESS

During the year Welcon Group A/S was established as we decided to report on a consolidated level for all Welcon activities showing our stakeholders the complete picture of our business.

Early 2023 Welcon together with Muehlhan founded Welpaint A/S, a joint strategic cooperation delivering world class surface treatment to all Welcon manufactured products.

RECORD HIGH ACTIVITY

This year we welcomed 208 new employees and thereby increased the workforce by 34 % needed for building our business to achieve a record high activity level. At the same time, we have continued the strategic buildout of our production facilities leading to a total investment of more than DKK 1 billion once completed late 2023. The business growth together with the massive expansion of the capacity and capability have been a challenge for our employees and has had an adverse impact on our performance.

MACRO ECONOMIC IMPACT

The development in the year has been characterized by a high degree of uncertainty due to increased inflation, higher energy costs and interest rates. These macro-economic factors have impacted not only our business but the entire industry, bringing the profitability under enormous pressure. Unlike many of our colleagues in the industry we have managed to achieve a satisfactory and positive result.

The increased demand for green power led to a historical high order book with an outlook until 2029.

FINANCIAL REVIEW

The group's income statement for the year ended 31 May 2023 shows a profit of DKK 47,037 thousand, and the balance sheet at 31 May 2023 shows an equity of DKK 401,108 thousand which is in line with expectations.

EXPECTED DEVELOPMENT OF THE COMPANY, INCLUDING SPECIFIC PREREQUISITES AND UNCERTAINTIES

Based on confirmed orders and a fully booked production capacity, the management expects the financial statements for 2023/2024 to show a turnover at the level of DKK 1.4 billion and improved EDITDA in the level of DKK 140,000-150,000 thousand.

THE YEAR AT A GLANCE

2022/23 has been an exciting year for our company. We appreciate the dedication from all our employees in a year in which we were able to grow our business.

I would like to take this opportunity to thank all employees and business partners for the good cooperation in the past year.

Jens Risvig Pedersen
CEO

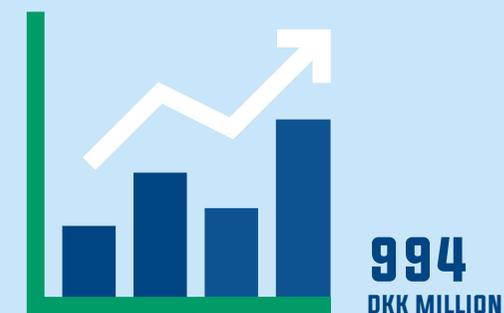


FINANCIAL HIGHLIGHTS AT WELCON GROUP A/S

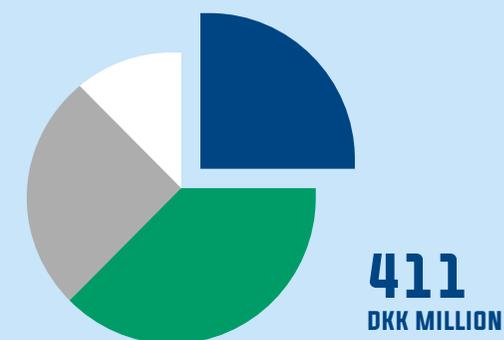
	<u>Group</u>
	<u>2022/23</u>
	DKK'000
Key figures	
Profit/loss	
Revenue	993,954
Gross profit	410,567
Profit before amortisation/depreciation and impairment losses	68,700
Operating profit	48,399
Net financials	9,644
Profit for the year	47,037
Balance sheet	
Balance sheet total	1,680,834
Investment in property, plant and equipment	(503,595)
Equity	401,108
Financial ratios	
Return on assets	3.0%
Solvency ratio	23.9%
Return on equity	12.6%

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.

REVENUE



GROSS PROFIT



THE LARGEST OFFSHORE TOWER FACILITY IN EUROPE

In 2023 we will finalize the largest ever build-out of the factory in the history of Welcon.

The expansion is 36,000 m² of buildings in total and 45,000 m² of new hard brick surface storage area, increasing the factory to a total of 106,000 m² under roof and 180,000 m² of hard brick surface storage area.

The build-out consists of four new, large plate preparation and welding shops, expansion of finish area, a large new surface treatment facility and some additional storage, office, and welfare facilities, enabling Welcon to produce the largest offshore towers currently on the market.

The factory will have a total of 15 fit-up and welding lines and a capacity of producing 200,000 tons steel for towers and 40,000 tons steel for Stiesdal floating foundations per year. We have today delivered nearly 50 % of all European offshore towers and with the new expansions we expect to maintain our leading market position.

The new build-out has been designed for Lean Production with the most modern and advanced robot technology in both the welding departments and the surface treatment facility.

Mass production and efficient production setup are key factors in keeping prices for wind energy low. With this new factory expansion Welcon will be able to increase capacity and capability significantly, producing both the current and future sizes of towers and floating foundations in an efficient way.

The last part of the build-out will be completed end of 2023.



OUR VALUES ARE OUR FOUNDATION FOR CREATING A SUSTAINABLE BUSINESS MODEL

PREDICTABLE



Deliver as agreed on time. That's what we do. We take time to understand the scope of a given project, define our offer and deliver exactly that at the right time.

OPPERTUNISTIC



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

CURIOS



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

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 products 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.



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 ten meters in diameter, where millimeter precision is essential. Quite a task, right.

We do this every day and can roll steel plates with a thickness of up to 160 mm.



03. WELDING

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



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.



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.



06. LOADING & TRANSPORT

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

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

WORLD LEADER IN OFF-SHORE TOWERS

Welcon is the world leader within offshore wind. Since 2012 we have supplied 1,724 offshore towers with a total capacity of almost 11,5 GW. This capacity equals the electricity consumption of 8,8 million households.

REDEFINING STANDARDS

We deliver world class products and services to our customers. We are a significant player within our industry to the benefit of our customers and our planet.

We operate a certified integrated management system, and we continuously improve by challenging ourselves. We involve employees across the whole value chain to achieve and maintain customer's trust.

We set high standards for ourselves and are a transparent trustworthy high-quality supplier to our customers. We have a culture where openness, communication and feedback are important aspects of doing good business.

AT WELCON, TO DO GOOD BUSINESS MEANS:

- We are all responsible for delivering quality products
- We strive to exceed our customers' expectations
- We strive to deliver right first time, every time
- We promote a high-quality performance
- We do not accept to pass on defects to the next level in the value chain
- We do not compromise on quality

We ensure our employees are qualified, trained and have the right set of skills to perform on a high level.

At Welcon, we live by a quality culture where health, environment and safety cannot be jeopardized, and we encourage and request our employees never to prioritize delivery above quality.

WE SUPPORT OUR QUALITY POLICY BY APPLYING AN EXTRA FOCUS ON THE FOLLOWING AREAS:

- Continuous improvements and development of our Integrated Management System
- Development and training of our employees
- Continuous improvement of the processes
- Detailed project planning
- Optimization of internal and external resources
- Improvement and optimization of internal processes to reduce costs
- Having a quality culture where it is expected to report mistakes and defects

Welcon is certified according to **ISO 9001**.



SPECIAL RISKS, INCLUDING BUSINESS AND FINANCIAL RISKS

Welcon has a size and operates within an industry, within which potential risks can arise concerning environmental, climate-related, social, and workforce aspects. By continuously reviewing and enhancing our policies, procedures, and training initiatives, we ensure that actions to mitigate risks are implemented.

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 to 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.

Currency risks are low and hedging is not necessary.

CREDIT RISKS

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



E

Environment



S

Social



G

Governance





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 to considerations for Health, Safety and Production Quality.

In confirming our commitment to protect the environment we will treat environmental regulations that apply to our activities as minimum standards and where appropriate aim to better them.

Responsibility for the Environmental Policy and Supporting 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's objective is to comply with environmental standards during both the planning and manufacturing phases, striving to create products with minimal energy consumption.

Welcon is certified according to **ISO 14001**.



OUR GOALS

WASTE MANAGEMENT

Waste will be kept to a minimum, and only waste contractors licensed to dispose specific waste will be used and all selected contractors will be checked to ensure they comply with the relevant legislation.

RECYCLING

Through our waste management and when possible, we select waste contractors dedicated to recycle our waste.

NOISE/DUST

Noise and dust will be suppressed, where practical, to ensure that no nuisance is caused to neighboring establishments or the general public.

LEGISLATIVE COMPLIANCE

At Welcon, compliance with the law and best available technology in environmental protection is key. All employees are to consider themselves equally responsible for complying with the environmental policy and are encouraged to suggest improvements.

MONITORING CUSTOMER SPECIFICATIONS

Welcon is seeking to select and use less hazardous chemicals/materials that are more environmentally friendly wherever reasonably practicable.

ENERGY CONSUMPTION

Our ambition is to procure all our electricity and heating consumption from renewable energy sources.

STAFF TRAINING AND RECRUITMENT

Welcon emphasizes staff training and recruitment to meet the environmental objectives.

OUR GOALS

ELECTRICITY

Welcon installed 1 MW solar panels in the end of 2022 on our production buildings. The panels can produce 1 GW green electricity per year which covers approx. 12,5% of our total consumption. To put in perspective 1 GW solar energy can provide electricity for up to 250 households. Our potential capacity based on suitable roof area is 10 GW per year.

Our ambition is to procure all our electricity and heating consumption from renewable energy sources.

HEATING

All buildings at Welcon are heated using biofuel. Most of the biofuel is coming from a sister company as waste from their production. In Q3 2023 Welcon will take into use a new stoker and pellet furnace utilizing broken pallets and other wooden waste from our production.

WATER

Welcon has its own water supply system delivering all water used in the company.

WASTE

All waste from both production and administration is being thoroughly sorted and recycled by material classes. We always strive to keep waste to a minimum and waste is recycled or disposed via licensed partners.

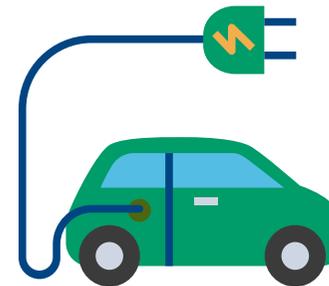
Welcon employees are educated in handling hazardous materials in the production. Hazardous waste is carefully handled and stored in approved containers before being disposed via licensed partners.

TRANSPORT

Welcon uses electrical cars and lifting equipment to the extend possible. Due to the weight of our products, we are unfortunately forced to use trucks using fossil fuel as current green technologies cannot handle such heavy materials.

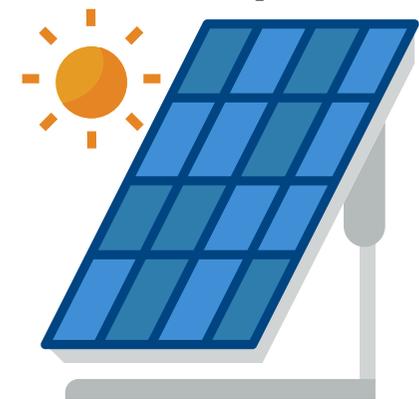
By end of 2023, Welcon will initiate an evaluation of our full scope 1-3 emissions. Our objective is to achieve a full understanding of our scope 3 emissions by no later than 2025. By that time, we intend to disclose information about our ambitions and advancements.

807.8 tCO₂e
Heating



1,061.9 tCO₂e
Transport

1,562.1 tCO₂e
Electric power



ESG KEY FIGURES

ENVIRONMENT		
	Unit	2022/23
CO₂ – Emissions (ton)		
Vehicles and trucks	tCO ₂ e	1,061.9
Electric power	tCO ₂ e	1,562.1
Heating	tCO ₂ e	807.8
Energy		
Energy consumption	MWh	10,114.2
Biofuel	Ton	452.5
Fuel oil	Litre	4,658
Resources		
Water consumption	M ³	9,591
Waste		
Waste recycled	Ton	9,622
Waste recycled	%	96.8
Hazardous waste	Ton	10.5
Hazardous waste	%	0.1

As part of our effort as a socially responsible company and group, we have decided, as a part of our journey, to report on selected and relevant ESG figures as part of our annual report. We know that the figures are not complete as we continue to map our value chains and collect relevant ESG figures in this respect. The presented ESG figures are prepared in accordance with current instructions from the Danish Business Authorities and FSR.



AN INCLUSIVE AND DIVERSE WORKFORCE

TEAMWORK AND COMMITMENT

We employ 21 different nationalities at Welcon. It gives the possibility to gain from the benefits of having a multi-cultural workforce. Teamwork and partnership are very important to Welcon. We value people who appreciate teamwork, have the knowledge and are not afraid to challenge the status quo and speak their mind.

As an employee you will not only help us think about our future but also support us to shape and create it. We transform ideas into towers and floating foundations through an open and inclusive management style.

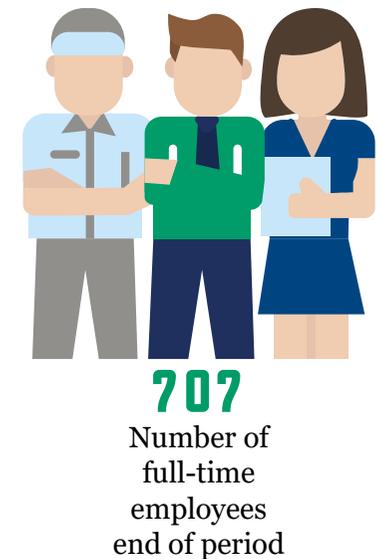
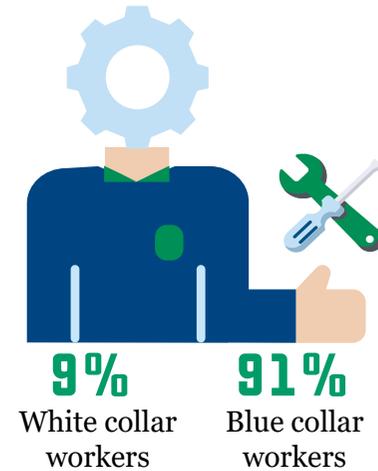
We have a working environment in which our employees enjoy getting new tasks and opportunities. We create a foundation for our employees to develop professionally and personally.

OUR FOUNDATION

Our company is based on strong co-operation between our employees. We foresee and act according to our values. We are constantly monitoring the market and make business decisions in accordance with our values.

We want to be our current and new customers' first choice. To succeed, we have set ambitious and challenging business objectives. The objectives ensure the fulfilling of our customers' 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.



WE TAKE HEALTH & SAFETY SERIOUSLY

OUR COMMITMENT

We will ensure that all practical and effective measures are in place to protect the health, safety and welfare 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 afterwards 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.

It is the policy of Welcon that Health and Safety have equal status as other 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.

WELL-BEING OF OUR EMPLOYEES

The well-being of our employees is of high priority, and we strive to maintain a high safety standard and create a comfortable and inspiring workplace.

55 work-related injuries were registered in 2022/23. All small accidents are reported including accidents not leading to absence.

Various initiatives to reduce workplace injuries are implemented on a continuous basis.

The written policy at Welcon is that we do not tolerate violence, threats, racist utterances, bullying, harassment, or sexual harassment, neither during nor outside working hours. The professional tone among colleagues must be proper and respectful. We want everyone to feel safe when working at Welcon.

Welcon is certified according to **ISO 45001**.





ESG KEY FIGURES

SOCIAL DATA			
SOCIAL DATA	Unit	2022/23	Accounting practices
Diversity			
Full-time employees, end of the period	#	707	Number of full-time employees. Calculated excluding temporary and short-term employments
Blue collar workers	%	91	% of total employees
White collar workers	%	9	% of total employees
Gender diversity overall	%	5	All Welcon Group employees
Gender diversity, management level	%	13.3	Management including executive mgmt. and mgmt. group
Occupational health and safety			
Absence ratio related to sickness	%	3.8	Sickness related absence (excl. absence due to sick children and maternity leave)
Absence ratio related to work accidents	%	0.5	Total number of working hours / absence related to work accidents





CORPORATE GOVERNANCE

Welcon is dedicated to upholding strong corporate governance principles. As such, management conducts an annual assessment of the Group's management systems to confirm their alignment with the needs of the company's stakeholders externally and internally.

OUR RESPONSIBILITY AS MANAGEMENT

The composition of employees at Welcon reflects that the company works within a technical industry, in which more men than women are usually employed. As a result, a significant imbalance between male and female employees exists, with males outnumbering females by a considerable margin.

The Board of Directors in Welcon consists of 3 males and 0 females.

GENDER REPRESENTATION IN MANAGEMENT

The group strives to achieve an equal gender distribution in the group's top management. The board of directors consists of three people, namely the group's owners and a lawyer.

It is not possible to achieve an equal gender distribution with the current number of board members. A more equal distribution requires a replacement of a board member which is not planned. The board of directors expects that it will be possible to achieve a more equal gender distribution in the board of directors over the next 10-15 years.

Welcon is committed to enhancing the representation of female managers in the upper levels of management. During the process of hiring new employees, whether internally or externally across different management levels, the company places significant emphasis on achieving a balanced gender representation, prioritizing skills, and expertise. The current ratio of female managers stands at 13.3%.

Welcon aims to increase the ratio to 20-30% within 3-5 years.

WHISTLEBLOWER SYSTEM

Welcon has an established whistleblower scheme by EU Directive 2019/1937, a solution for anonymous reporting of potentially unethical behavior in our operations.

Internally the reporting system has been promoted to make sure that employees know that there is an anonymous platform available. The system access is also available at the frontpage of the company's internal website as well as the employee handbook.

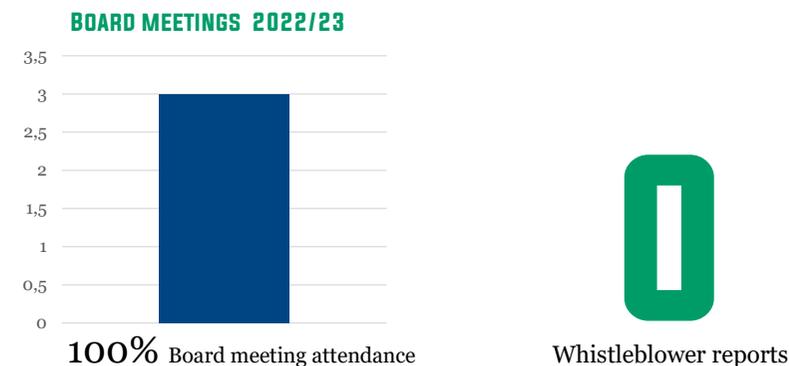
DATA ETHICS

Welcon does not use advanced technologies such as artificial intelligence or machine learning. Welcon handles general data in the form of customer data and employee data. Data is processed in accordance with GDPR regulation and our internal policies for privacy and information security. Given the limited processing of data, it is Welcon's assessment that a policy on data ethics is presently unnecessary. Welcon will continuously evaluate whether a policy is a requirement going forward.

HUMAN RIGHTS, ANTI-CORRUPTION, AND BRIBERY POLICIES

Welcon is deeply committed to the fundamental principles of human rights. Discrimination, harassment, and any form of unfair treatment are strictly prohibited. We prioritize creating an inclusive and respectful environment in which every employee, partner, and stakeholder is treated equally and with the respect they deserve.

Welcon does not tolerate any kind of corruption and bribery. Our business activities are conducted with the highest level of integrity, reflecting our commitment to transparent and ethical conduct.

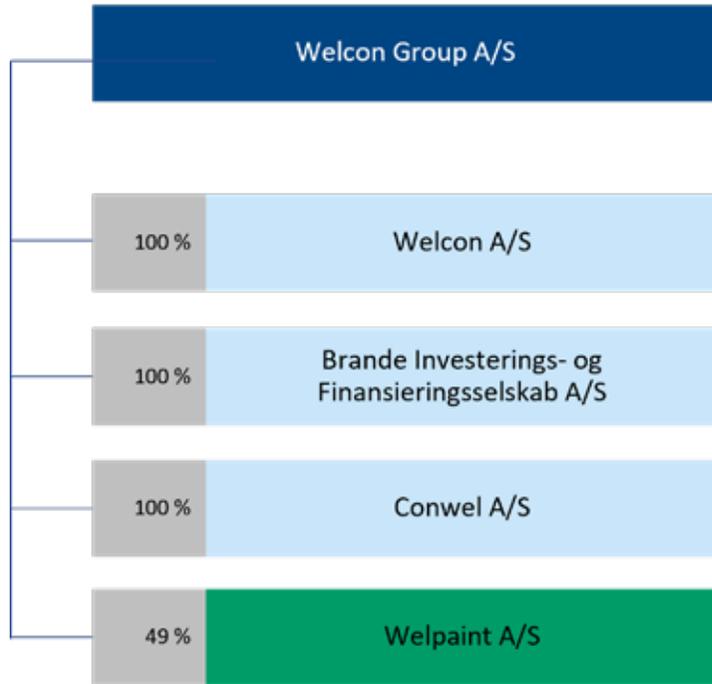


ESG KEY FIGURES

GOVERNANCE			
GOVERNANCE	Unit	2022/23	Accounting practices
Occupational health and safety			
Members of the board of directors	#	3	
Board meetings	#	6	Number of board meetings held
Board meeting attendance	%	100	Number of board meetings attended relative to board meetings held
Gender diversity, board of directors	%	0	Distribution of women and men in the board of directors
Risk and regulation			
Whistleblower reports	#	0	Whistleblower reports within correct use of the whistleblower scheme
Whistleblower cases resolved	%	100	Number of whistleblower reports relative to reports resolved



GROUP STRUCTURE AT WELCON GROUP





FINANCIAL STATEMENTS 2022/23

INCOME STATEMENT

1 JUNE 2022 – 31 MAY 2023



	Note	Group	Parent company
		2022/23 DKK'000	2022/23 DKK'000
Revenue	1	993,954	0
Other operating income		1,451	0
Raw materials and consumables		(484,752)	0
Other external expenses		(100,086)	(53)
Gross profit		410,567	(53)
Staff costs	2	(341,867)	0
Profit/loss before amortisation/depreciation and impairment losses		68,700	(53)
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		(18,850)	0
Profit/loss before net financials		49,850	(53)
Income from investments in subsidiaries		0	47,036
Income from investments in participating interests		203	203
Financial income	3,4	20,277	0
Financial costs	5	(10,836)	(206)
Profit/loss before tax		59,494	46,980
Tax on profit/loss for the year	6	(12,457)	57
Profit/loss for the year		47,037	47,037
Distribution of profit	7		

BALANCE SHEET AT 31 MAY 2023

ASSETS



	Note	Group	Parent company
		2023	2023
		DKK'000	DKK'000
Assets			
Land and buildings	8	629,503	0
Plant and machinery	8	220,269	0
Other fixtures and fittings, tools and equipment	8	15,137	0
Prepayments for tangible fixed assets	8	94,790	0
Tangible assets		959,699	0
Investments in subsidiaries	9	0	401,107
Participating interests	10	17,574	17,574
Deposits		52	0
Fixed asset investments		17,626	418,681
Total non-current assets		977,325	418,681
Raw materials and consumables		9,520	0
Work in progress		168,927	0
Stocks		178,447	0

BALANCE SHEET AT 31 MAY 2023 (CONTINUED)

ASSETS



	Note	Group 2023 DKK'000	Parent company 2023 DKK'000
Assets			
Trade receivables		165,571	0
Receivables from group entities		332,832	0
Other receivables		10,578	0
Deferred tax asset	13	0	9
Joint taxation contributions receivable		6,436	48
Prepayments	11	7,001	0
Receivables		522,418	57
Cash at bank and in hand		2,644	0
Total current assets		703,509	57
Total assets		1,680,834	418,738

BALANCE SHEET AT 31 MAY 2023

EQUITY AND LIABILITIES



	Note	Group	Parent company
		2023	2023
		DKK'000	DKK'000
Equity and liabilities			
Share capital		25,000	25,000
Reserve for net revaluation under the equity method		0	47,036
Retained earnings		376,108	329,072
Equity	12	401,108	401,108
Provision for deferred tax	13	23,538	0
Other provisions	14	2,000	0
Total provisions		25,538	0
Banks		80,629	0
Mortgage loans		207,279	0
Lease obligations		54,070	0
Joint taxation contributions payable		1,498	0
Other payables		20,433	0
Total non-current liabilities	15	363,909	0

BALANCE SHEET AT 31 MAY 2023 (CONTINUED)

EQUITY AND LIABILITIES



	Note	Group 2023 DKK'000	Parent company 2023 DKK'000
Equity and liabilities			
Short-term part of long-term debt	15	27,369	0
Banks		15	0
Prepayments received from customers		270,222	0
Trade payables		311,578	50
Payables to group entities		211,592	17,580
Joint taxation contributions payable		2,437	0
Other payables		67,044	0
Deferred income	16	22	0
Total current liabilities		890,279	17,630
Total liabilities		1,254,188	17,630
Total equity and liabilities		1,680,834	418,738
Contingent liabilities	17		
Mortgages and collateral	18		
Related parties and ownership structure	19		

STATEMENT OF CHANGES IN EQUITY

Group

	Share capital	Share premium account	Retained earnings	Total
Equity at 1 June 2022	25,000	319,071	0	344,071
Net profit/loss for the year	0	0	47,037	47,037
Transfer from share premium account	0	(319,071)	319,071	0
Contribution from group	0	0	10,000	10,000
Equity at 31 May 2023	25,000	0	376,108	401,108

Parent company

	Share capital	Share premium account	Reserve for net revaluation under the equity method	Retained earnings	Total
Equity at 1 June 2022	25,000	319,071	0	0	344,071
Net profit/loss for the year	0	0	47,036	1	47,037
Transfer from share premium account	0	(319,071)	0	319,071	0
Contribution from group	0	0	0	10,000	10,000
Equity at 31 May 2023	25,000	0	47,036	329,072	401,108



CASH FLOW STATEMENT

1 JUNE 2022 – 31 MAY 2023



	Note	<u>Group</u> 2022/23
		DKK'000
Net profit/loss for the year		47,037
Adjustments	20	21,663
Change in working capital	21	<u>270,242</u>
Cash flows from operating activities before financial income and expenses		338,942
Interest income and similar income		20,277
Interest expenses and similar charges		<u>(10,836)</u>
Cash flows from ordinary activities		348,383
Corporation tax paid		<u>(11,360)</u>
Cash flows from operating activities		<u>337,023</u>
Purchase of property, plant and equipment		(503,595)
Sale of property, plant and equipment		357
Sale of fixed asset investments etc		(17,371)
Adjustment deposits		<u>(40)</u>
Cash flows from investing activities		<u>(520,649)</u>

CASH FLOW STATEMENT (CONTINUED)

1 JUNE 2022 – 31 MAY 2023



	Note	Group 2022/23
		DKK'000
Repayment of mortgage loans		(19,421)
Raising of loans from credit institutions		133,782
Lease liabilities assumed		61,673
Change in overdraft facility		(45)
Group contribution received		10,000
Cash flows from financing activities		185,989
Change in cash and cash equivalents		2,363
Cash and cash equivalents		281
Cash and cash equivalents		2,644
Analysis of cash and cash equivalents:		
Cash at bank and in hand		2,644
Cash and cash equivalents		2,644



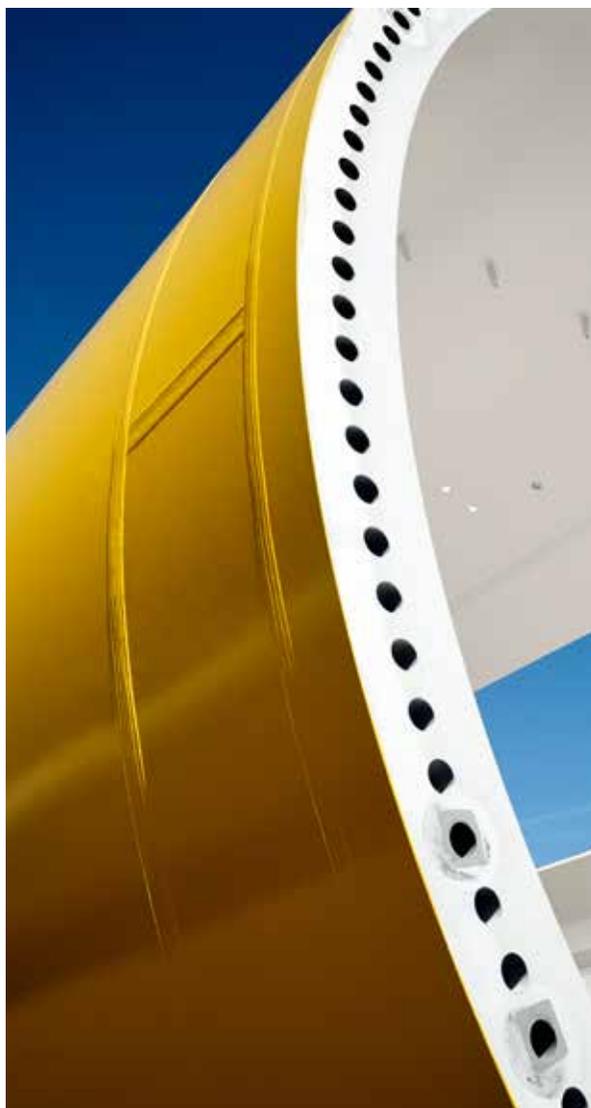
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MAKING SAFE

NOTES TO THE ANNUAL REPORT



	Group	Parent company
	2022/23	2022/23
	DKK'000	DKK'000
1 Revenue		
Wind turbine industry	989,653	0
Facility technical products	3,914	0
Other revenue	387	0
Total revenue	993,954	0
2 Staff costs		
Wages and salaries	313,567	0
Pensions	23,835	0
Other social security costs	4,465	0
	341,867	0
Average number of employees	605	0

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 Special items

Group

An exchange gain of DKK 15,529 thousand, regarding refinancing of long-term loans, has been recognised in financial income.

NOTES TO THE ANNUAL REPORT



	Group	Parent company
	2022/23	2022/23
	DKK'000	DKK'000
4 Financial income		
Interest received from group entities	4,654	0
Other financial income	15,623	0
	20,277	0
5 Financial costs		
Interest paid to group entities	3,521	206
Other financial costs	7,315	0
	10,836	206
6 Tax on profit/loss for the year		
Current tax for the year	(3,050)	(48)
Deferred tax for the year	15,507	(9)
	12,457	(57)
7 Distribution of profit		Parent company
		2022/23
		DKK'000
Reserve for net revaluation under the equity method		47,036
Retained earnings		1
		47,037

NOTES TO THE ANNUAL REPORT



8 Tangible assets

Group

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Prepayments for tangible fixed assets
Cost at 1 June 2022	415,799	304,351	15,364	114,737
Additions for the year	287,825	122,838	9,471	83,461
Disposals for the year	(7,345)	0	0	0
Transfers for the year	98,416	4,992	0	(103,408)
Cost at 31 May 2023	794,695	432,181	24,835	94,790
Impairment losses and depreciation at 1 June 2022	163,616	202,185	9,091	0
Depreciation for the year	8,516	9,727	607	0
Reversal of impairment and depreciation of sold assets	(6,940)	0	0	0
Impairment losses and depreciation at 31 May 2023	165,192	211,912	9,698	0
Carrying amount at 31 May 2023	629,503	220,269	15,137	94,790
Value of leased assets	0	70,536	0	25,499

NOTES TO THE ANNUAL REPORT



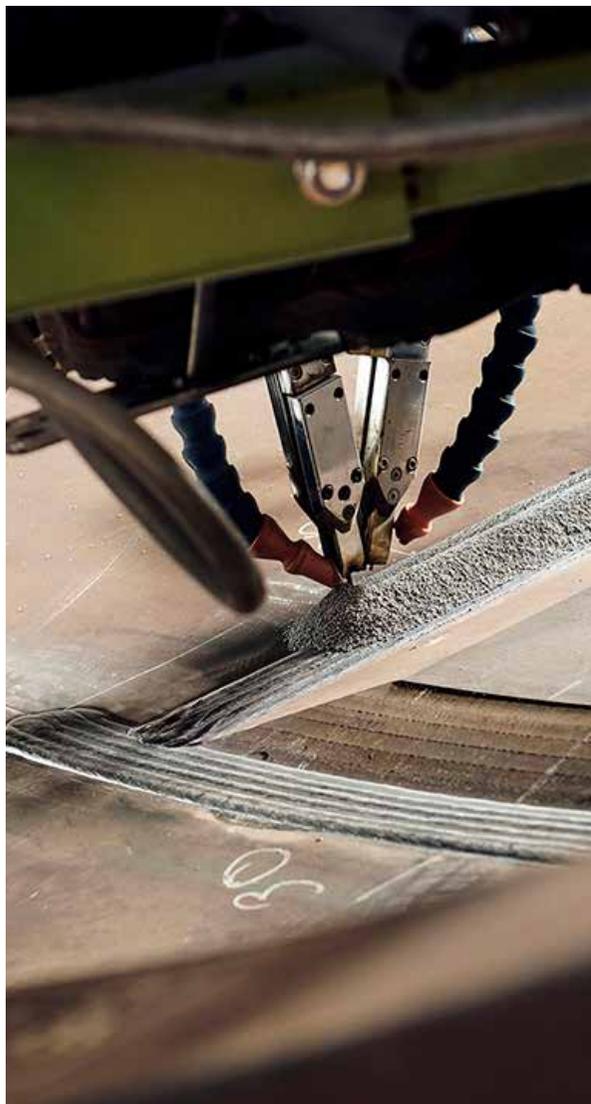
	Parent company
	2023
	DKK'000
9 Investments in subsidiaries	
Cost at 1 June 2022	0
Contribution	10,000
Additions for the year	344,071
Cost at 31 May 2023	<u>354,071</u>
Revaluations at 1 June 2022	0
Profit/loss for the year	47,036
Revaluations at 31 May 2023	<u>47,036</u>
Carrying amount at 31 May 2023	<u>401,107</u>

Parent company

Investments in subsidiaries are specified as follows:

Name	Registered office	Ownership interest
Welcon A/S	Vejle	100%
Conwel A/S	Vejle	100%
Brande Investerings- og Finansieringsselskab A/S	Vejle	100%

NOTES TO THE ANNUAL REPORT



10 Participating interests

	Group	Parent company
	2023	2023
	DKK'000	DKK'000
Cost at 1 June 2022	0	0
Additions for the year	17,371	17,371
Cost at 31 May 2023	17,371	17,371
Revaluations at 1 June 2022	0	0
Profit/loss for the year	203	203
Revaluations at 31 May 2023	203	203
Carrying amount at 31 May 2023	17,574	17,574

Investments in participating interests are specified as follows:

Name	Registered office	Ownership interest
Welpaint A/S	Vejle	49%

NOTES TO THE ANNUAL REPORT



11 Prepayments

Prepayments comprise prepaid expenses regarding insurance premiums, subscriptions and prepaid suppliers.

12 Equity

The share capital consists of 25,000,000 shares of a nominal value of DKK 1. No shares carry any special rights.

13 Provision for deferred tax

Provision for deferred tax at 1 June 2022

8,031 0

Deferred tax recognised in income statement

15,507 (9)

Provision for deferred tax at 31 May 2023

23,538 (9)

14 Other provisions

Balance at 1 June 2022

2,000 0

Balance at 31 May 2023

2,000 0

The expected due dates of other provisions are:

Between 1 and 5 years

2,000 0

2,000 0

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

NOTES TO THE ANNUAL REPORT



15 Long term debt

Group	Debt at 31 May 2023	Instalment next year	Debt outstanding after 5 years
Banks	94,629	14,000	126,996
Mortgage loans	213,046	5,767	56,546
Lease obligations	61,672	7,602	20,407
Joint taxation contributions payable	1,498	0	0
Other payables	20,433	0	0
	391,278	27,369	203,949

16 Deferred income

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

NOTES TO THE ANNUAL REPORT



17 Contingent liabilities

Parent company

The company is part of the CJ Holding ApS cash pool arrangement. All participant in the cash pool arrangement are jointly and severally liable. As of 31 May 2023 the net balance in the cash pool arrangement amounts to DKK 44 thousand.

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.

Group

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

The group has entered into operating leases with a total commitment as of 31 May 2023 of DKK 34,371 thousand. DKK 7,817 thousand is due within one year.

NOTES TO THE ANNUAL REPORT



18 Mortgages and collateral

Parent company

The company has issued a surety to the bank as a security for the bank debt for the group companies CJ Holding ApS and Welcon A/S.

Group

As a security for bank debt, the group has provided company charges of DKK 35,000 thousand. The company charges include claims, inventories, operating equipment and intangible rights. The booked value of these assets amounts to DKK 609,934 thousand as of 31 May 2023.

The group has provided a guarantee of DKK 7,500 thousand in favor of third party.

The group has issued a surety to the bank as a security for the bank debt for the group company CJ Holding ApS.

Land and buildings at a carrying amount of DKK 629,503 thousand at 31 May 2023 have been provided as security for mortgage debt totalling DKK 86,396 thousand.

As security for bank debt, the group has issued owner's mortgages, totalling DKK 225,000 thousand in the same land and buildings.

NOTES TO THE ANNUAL REPORT



19 Related parties and ownership structure

Controlling interest

CJ Holding ApS, Give, Denmark

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.

Welcon Group A/S has received a contribution of DKK 10,000 thousand from CJ Holding ApS. The parent company, Welcon Group A/S, has made a contribution of DKK 10,000 thousand to Brande Investerings- og Finansieringsselskab A/S.

Consolidated financial statements

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

NOTES TO THE ANNUAL REPORT



	Group
	2022/23
	DKK'000
20 Cash flow statement - adjustments	
Financial income	(20,277)
Financial costs	10,836
Depreciation, amortisation and impairment losses	18,850
Income from investments in participating interests	(203)
Tax on profit/loss for the year	12,457
	21,663
21 Cash flow statement - change in working capital	
Change in inventories	(24,440)
Change in receivables	(210,215)
Change in trade payables, etc.	504,897
	270,242

ACCOUNTING POLICIES

The annual report of Welcon Group A/S for 2022/23 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large class C entities, as well as provisions applying to reporting class C entities.

The annual report for 2022/23 is presented in DKK thousand.

As 2022/23 is the company's first reporting period, no comparatives have been presented.

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 group and the parent 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 group and the parent 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.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements comprise the parent company Welcon Group A/S and subsidiaries in which the parent company, directly or indirectly, holds more than 50% of the voting rights or otherwise has a controlling interest. Entities in which the Group holds between 20% and 50% of the voting rights and over which it exercises significant influence, but which it does not control, are considered participating interests or associates, cf. the group chart.

The consolidated financial statements are prepared as a consolidation of the parent company's and subsidiaries' financial statements by aggregating uniform accounting items. On consolidation, intra-group income and expenses, holdings of shares, intra-group balances and dividends as well as realised and unrealised gains and losses on intra-group transactions are eliminated.

Investments in subsidiaries are set off against the proportionate share of the subsidiaries' fair value of net assets and liabilities at the acquisition date.

Entities acquired or formed during the year are recognised in the consolidated financial statements from the date at which control is obtained. Entities sold during the year are recognised in the consolidated income statement until the date of disposal. Comparative figures are not restated for acquisitions or disposals.

Acquirees are recognised in the consolidated financial statements using the purchase method, according to which the identifiable assets and liabilities of the acquirees are revalued at their fair values at the date of acquisition. The fair value is determined on the basis of transactions in an active market, alternatively on the basis of generally accepted valuation methods. The fair value of investment property is based on a discounted cash flow model, according to which future earnings are discounted. Operating equipment is recognised at fair value on the basis of assessments made by appraisers, which are based on an overall assessment of machinery.

INCOME STATEMENT

SEGMENT INFORMATION

Information is provided on business segments. The segment information is provided in consideration of the group's accounting policies, risks and management control. The group only operates within one market.

REVENUE

Income from services, comprising service contracts and extended warranties relating to products and contracts sold is recognised on a straight-line basis as the services are provided.

ACCOUNTING POLICIES

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

Revenue is measured at fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. Revenue is net of all types of discounts granted.

RAW MATERIALS AND CONSUMABLES

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

OTHER OPERATING INCOME

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

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.

AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES

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

INCOME FROM INVESTMENTS IN SUBSIDIARIES AND PARTICIPATING INTERESTS

The proportionate share of the profit/loss for the year of subsidiaries is recognised in the parent company's income statement after full elimination of intra-group profits/losses.

The proportionate share of the profit/loss for the year of participating interests is recognised in the parent company's income statement after full elimination of intra-group profits/losses.

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, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities, liabilities and foreign currency transactions, amortisation of financial assets and liabilities 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 for the year and directly in equity as regards the portion that relates to entries directly in equity.

BALANCE SHEET

TANGIBLE ASSETS

Items of land and buildings, 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. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Interest expenses on loans obtained specifically for the purpose of financing the manufacturing of items of property, plant and equipment are included in cost over the manufacturing period. All indirect, attributable borrowing costs are recognised in the income statement.

ACCOUNTING POLICIES

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

	Useful life
Buildings	10-25 years
Plant and machinery	2-25 years
Other fixtures and fittings, tools and equipment	2-25 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 on the sale of items of property, plant and equipment are recognised in the income statement under other operating income or other operating expenses, respectively.

INVESTMENTS IN SUBSIDIARIES AND PARTICIPATING INTERESTS

Investments in subsidiaries and participating interests are measured at the proportionate share of the net asset value of the entities, calculated on the basis of the group's accounting policies, plus or less unrealised intra-group gains or losses and plus or less any remaining value of positive or negative goodwill stated according to the purchase method. Negative goodwill is recognised in the income statement on acquisition. Where the negative goodwill relates to contingent liabilities having been taken over, the negative goodwill is not recognised until the contingent liabilities have been settled or no longer exist.

Investments in subsidiaries and participating interests with a negative net asset value are measured at DKK 0 thousand, and the carrying amount of any receivables from these entities is reduced to the extent that they are considered irrecoverable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the receivable, the balance is recognised under provisions.

Net revaluations of investments in subsidiaries and participating interests are taken to the net revaluation reserve according to the equity method in so far as that the carrying amount exceeds the cost. Dividends from subsidiaries which are expected to be declared before the annual report of Welcon Group A/S is adopted are not taken to the net revaluation reserve.

Acquirees are accounted for using the purchase method, see the above description of consolidated financial statements.

OTHER INVESTMENTS

Deposits are measured at amortised cost.

IMPAIRMENT OF FIXED ASSETS

The carrying amount of intangible assets, items of property, plant and equipment and investments in subsidiaries and participating interests 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.

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, buildings and equipment and expenses relating to plant administration and management. Borrowing costs are not recognised in the cost.

The net realisable value of stocks is calculated as the expected selling price less direct costs of completion and expenses incurred to effect the sale. The net realisable value is determined taking into account marketability, obsolescence and expected selling price movements.

ACCOUNTING POLICIES

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.

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.

EQUITY RESERVE FOR NET REVALUATION ACCORDING TO THE EQUITY METHOD

The reserve for net revaluation according to the equity method in the company's financial statements comprises net revaluation of investments in subsidiaries and participating interests relative to the cost.

DIVIDENDS

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability when declared by the annual general meeting of shareholders.

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.

LIABILITIES

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. Accordingly, the difference between the net proceeds and the nominal value is recognised in the income statement over the term of the loan.

Mortgage debt is thus measured at amortised cost, which for cash loans corresponds to the outstanding debt. For bond loans, amortised cost corresponds to an outstanding debt calculated as the underlying cash value of the loan at the time of borrowing, adjusted by amortisation of the value adjustment of the loan at the time of borrowing.

Other liabilities, which include trade payables, payables to group entities and other payments, 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. If foreign currency instruments are considered cash flow hedges, any unrealised value adjustments are taken directly to a fair value reserve under 'Equity'.

ACCOUNTING POLICIES

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 group'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 group's cash and cash equivalents at the beginning and at the end of the year.

The cash flow effect of additions and disposals of entities is shown separately under cash flows from investing activities. The cash flow statement includes cash flows from acquired entities from the time of acquisition, and cash flows from sold entities are included until the date of sale.

CASH FLOWS FROM OPERATING ACTIVITIES

Cash flows from operating activities are stated as the group's profit or loss for the year, adjusted for non-cash operating items, changes in working capital and paid income taxes. Dividend income from investments is recognised under 'Interest income and dividend received'.

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 group'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 short-term securities whose remaining life is less than three months and which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

FINANCIAL HIGHLIGHTS

Definitions of financial ratios.

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

COMPANY DETAILS

THE COMPANY

Welcon Group A/S
Vejlevej 270
7323 Give

CVR No. 43 85 11 52
Reporting period: 1 June 2022 – 31 May 2023
Incorporated 14 February 2023
Domicile: Vejle

BOARD OF DIRECTORS

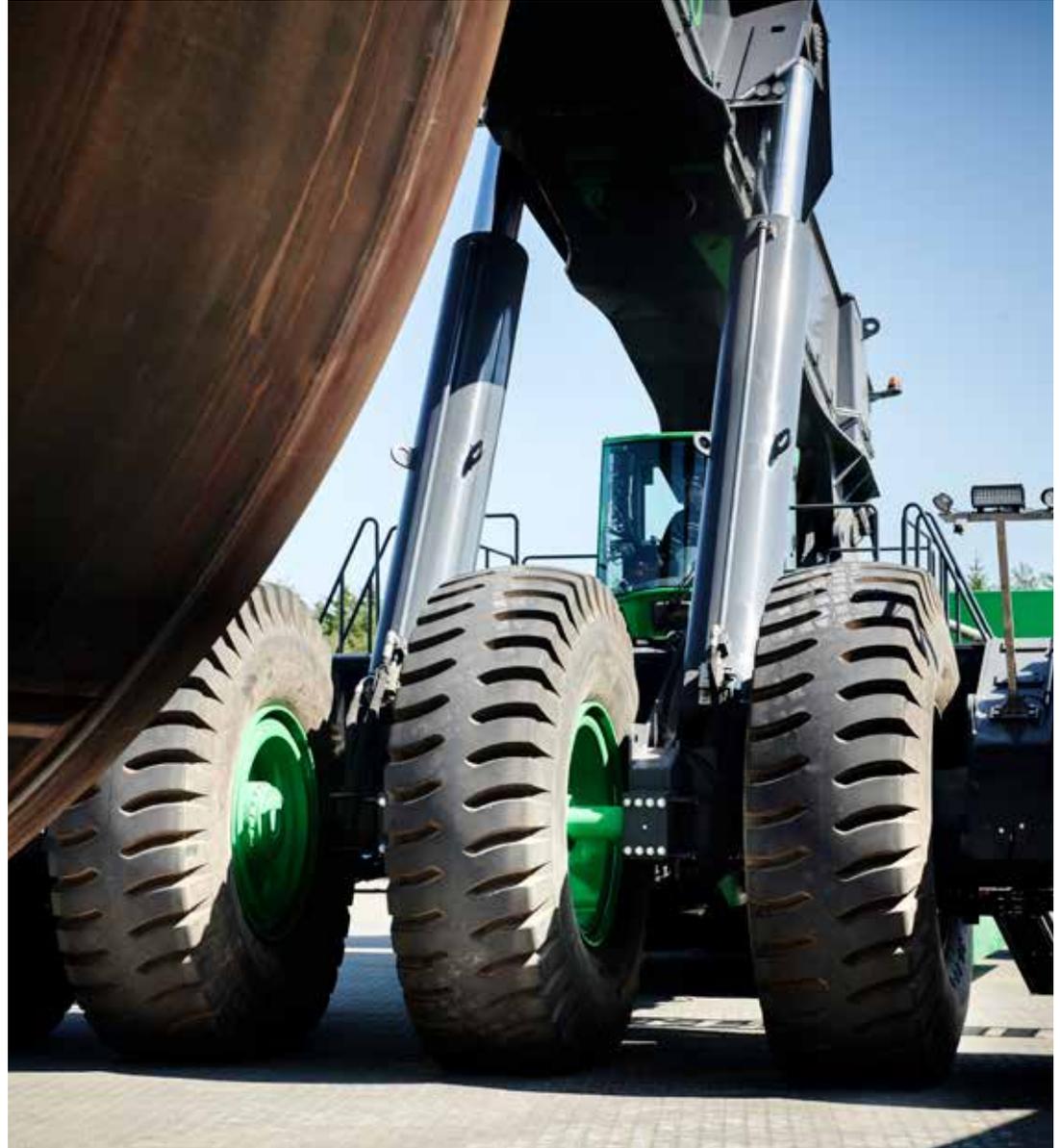
Carsten Risvig Pedersen, Chairman
Morten Breum-Leer
Jens Risvig Pedersen

EXECUTIVE BOARD

Jens Risvig Pedersen, CEO

AUDITORS

Roesgaard
Godkendt Revisionspartnerselskab
Sønderbrogade 16
8700 Horsens



STATEMENT BY MANAGEMENT ON THE ANNUAL REPORT

The Board of directors and Executive board have today discussed and approved the annual report of Welcon Group A/S for the financial year 1 June 2022 – 31 May 2023.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and parent financial statements give a true and fair view of the company and the group financial position at 31 May 2023 and of the results of the group and the company operations and consolidated cash flows for the financial year 1 June 2022 - 31 May 2023.

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

The Management recommends that the annual report should be adopted at the general meeting.

Given, 3 October 2023

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 Group A/S

OPINION

We have audited the consolidated financial statements and the parent company financial statements of Welcon Group A/S for the financial year 1 June 2022 - 31 May 2023, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes, for both the group and the parent company as well as consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the group and the parent company's financial position at 31 May 2023 and of the results of the group and the parent company's operations and consolidated cash flows for the financial year 1 June 2022 - 31 May 2023 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 consolidated financial statements and parent company" section of our report. We are independent of the group 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 and IESBA Code. 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 CONSOLIDATED FINANCIAL STATEMENTS AND THE FINANCIAL STATEMENTS

Management is responsible for the preparation of consolidated financial statements and parent company 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 consolidated financial statements and the parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and parent company financial statements, management is responsible for assessing the group's and the parent 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 consolidated financial statements and parent company financial statements unless management either intends to liquidate the group or the company or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PARENT COMPANY FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and parent company 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 consolidated financial statements and parent company 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 consolidated financial statements and parent company 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 group's and the parent company's internal control.

INDEPENDENT AUDITOR'S REPORT

- 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 consolidated financial statements and parent company 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 group's and the parent 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 consolidated financial statements and parent company 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 group and the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the consolidated financial statements and parent company financial statements, including the disclosures, and whether the consolidated financial statements and parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient and appropriate audit evidence regarding the financial information for the group's entities or business activities to express an opinion on the consolidated financial statements. We are responsible for directing, supervising and conducting the audit of the group. We alone are responsible for our audit opinion.

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 consolidated financial statements and parent company 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 consolidated financial statements and parent company financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the consolidated financial statements and parent company 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 consolidated financial statements and parent company 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, 3 October 2023

Roesgaard

Godkendt Revisionspartnerselskab
CVR No. 37 54 31 28

Søren Roesgaard

State Authorised Public Accountant
MNE No. mne33225

Michael Mortensen

State Authorised Public Accountant
MNE No. mne34108



Welcon Group A/S
Vejlevej 270
7323 Give
CVR No. 43 85 11 52

Tel.: +45 30 18 61 00
welcon@welcon.dk
www.welcon.dk

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