ROESGAARD

NÅR OVERBLIK SKABER VÆRDI

Welcon A/S

Vejlevej 270
7323 Give

CVR No. 31 49 14 01

Annual Report 2023/24

The Annual Report was presented and approved at the Annual General Meeting of the Company on 24/10 2024

Kenneth Nielsen Leth
Chairman

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Company details

The company

Welcon A/S
Vejlevej 270
7323 Give

CVR no.:	31 49 14 01
Reporting period:	1 June 2023 - 31 May 2024
Domicile:	Vejle

Board of directors

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

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 A/S for the financial year 1 June 2023 - 31 May 2024.

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 2024 and of the results of the company's operations and cash flows for the financial year 1 June 2023 - 31 May 2024.

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.

Give, 24 October 2024

Executive board

Jens Risvig Pedersen
CEO

Supervisory board

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 2023 - 31 May 2024, 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 2024 and of the results of the company's operations and cash flows for the financial year 1 June 2023 - 31 May 2024 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 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 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 taken on the basis of these financial statements.

Independent auditor's report

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.

- 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.

Independent auditor's report

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, 24 October 2024

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

Financial highlights

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

	2023/24	2022/23	2021/22	2020/21	2019/20
	t.kr.	t.kr.	t.kr.	t.kr.	t.kr.
Key figures					
Profit/loss					
Revenue	1,290,178	1,075,536	708,872	740,108	588,724
Gross profit	519,140	368,134	284,494	243,416	214,506
Operating profit	21,963	23,522	36,555	3,596	1,178
Net financials	(1,912)	(872)	(2,107)	(2,335)	568
Profit for the year	17,361	18,788	27,757	2,133	2,363
Balance sheet					
Balance sheet total	979,866	770,361	459,706	337,820	299,864
Investment in property, plant and equipment	(197)	(9,471)	(1,354)	(1,544)	(1,192)
Equity	98,653	101,292	82,504	54,747	82,614
Cash flows from:					
- operating activities	(102,030)	338,280	764	(30,277)	104,637
- investing activities	(83,332)	(148,745)	(1,309)	(23,241)	(3,171)
- financing activities	182,961	(187,172)	0	(30,000)	0
Number of employees	773	605	434	416	361
Ratios					
Return on assets	2.5 %	3.8 %	9.2 %	1.1 %	0.4 %
Solvency ratio	10.1 %	13.1 %	17.9 %	16.2 %	27.6 %
Return on equity	17.4 %	20.4 %	40.4 %	3.1 %	2.9 %
Board members	3				
Underrepresented gender	0.0 %				
Target in percentage	33.0 %				
Year for meeting target	2028				
Total members in other management levels	15				
Underrepresented gender	20.0 %				
Target in percentage	30.0 %				
Year for meeting target	2028				

Management's review

Business review

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 group entities as well as all activities related thereto at the discretion of the Board of Directors.

Financial review

The company's income statement for the year ended 31 May 2024 shows a profit of DKK 17.4 million, and the balance sheet at 31 May 2024 shows equity of DKK 98.7 millon.

The profit of the year is below the expectations. This is mainly due to adverse impact of the strategic build-out of the manufacturing site in Give. The build-out was finalized during 2023/24. The profit of the year is considered overall satisfactory as the company is now fully ramped up for future efficient manufacturing.

For further description and presentation please refer to the annual report of Welcon Group A/S.

Expected development of the company, including specific prerequisites and uncertainties

The Management expects the financial statement for 2024/25 to show a turnover at the level of DKK 1.4 billion and improved result at the level DKK 60 million.

Statutory corporate social responsibility report

Disclosure of corporate social responsibility is included in the consolidated financial statements of the parent company Welcon Group A/S.

Management's review

Policies on the underrepresented gender

Statement of the gender composition of management

Welcon considers gender equality a key priority and believes that an equal distribution of female and male contributes positively to the working environment and improves efficiency and competitiveness. Welcon acknowledge that the heavy industry usually employs more male than female. However, focusing on office admin staff, Welcon has a more equal diverse composition of employees.

Welcon supports the political initiatives that encourage more young people to pursue vocational education and specifically, that more women are motivated to build a career within this field.

At Welcon, the production is represented by many different nationalities, and we would like to see more women in our production, as we believe that a mix of cultures, nationalities, religions etc. helps contributing to an exciting work environment with diverse perspectives, which in turn fosters innovation and new solutions.

Top management level

The board of directors of Welcon currently consists of 3 males, 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 for. The board of directors expects that it will be possible to achieve a more equal gender distribution in the board of directors in 2028.

Other management levels

Other management levels consist of the CEO and other managers with personnel responsibility who refer to the CEO. Other management levels consist of 15 persons amongst whom 3 persons are female corresponding to 20%.

Management has adopted a policy for the underrepresented gender and has defined a target. The objective of the policy is to increase the share of women to ensure that the company achieves gender equality in management on the long term by ensuring implementation of initiatives that supports the underrepresented gender. The target is that the underrepresented gender must constitute 30% in 2028.

To meet the target Welcon ensures that in-house management talents are being considered for management positions regardless of gender. Further Welcon offers varying career paths that accommodate the different phases of life making it possible for the employees to resume or continue their career at the same level when they return to work after their leave. Further when recruiting for management positions Welcon strives to create a shortlist which contains at least 1 candidate of the underrepresented gender. Further Welcon is committed to promoting a healthy work-life balance by offering flexibility and various career opportunities regardless of gender.

Office admin staff

Office admin staff excluding production consist of 58 persons amongst whom 26 persons are female corresponding to 45%. This is an improvement to last year (41%).

Statement of policy for data ethics

Disclosure of policy for the data ethics is included in the consolidated financial statements of the parent company Welcon Group A/S.

Anvendt regnskabspraksis

The annual report of Welcon A/S for 2023/24 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The classification of other payables has been changed so projects that are measured after the prodution method, now are presented as contract work in progress. This means that other payables have decreased by m.DKK 7,3 in 2024 and m.DKK 20,8 in 2023. Prepayments received recognised in debt has increased with the same amount.

The annual report for 2023/24 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.

Anvendt regnskabspraksis

Income from customised products is recognised as production is carried out, implying that revenue corresponds to the selling price of contracts completed in the year (percentage-of-completion method). This method is applied where the total income and expenses relating to the contract and the stage of completion at the balance sheet date can be estimated reliably and it is probable that future economic benefits will flow to the Company.

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 items of plant and equipment as well as payroll refunds.

Other external expenses

Other external expenses include expenses related to sale, advertising, administration, premises, car operating, 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.

Depreciation, amortisation and impairment of plant and equipment

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.

Anvendt regnskabspraksis

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.

Anvendt regnskabspraksis

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	2-25 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 from the disposal of plant and equipment are recognised in the income statement as other operating income or other operating expenses, respectively.

Fixed asset investments

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.

Anvendt regnskabspraksis

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.

Anvendt regnskabspraksis

Equity

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.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

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 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, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Anvendt regnskabspraksis

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 non-cash 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 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.

Anvendt regnskabspraksis

Financial Highlights

Definitions of financial ratios.

Return on assets $$\frac{\text{Profit/loss before financials x 100}}{\text{Total assets}}$$

Solvency ratio $$\frac{\text{Equity at year end x 100}}{\text{Total assets}}$$

Return on equity $$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$$

Resultatopgørelse 1 June 2023 - 31 May 2024

	Note	2023/24	2022/23
		t.kr.	t.kr.
Revenue	1	**1,290,178**	**1,075,536**
Other operating income		2,210	1,420
Raw materials and consumables		(540,058)	(570,637)
Other external expenses		(233,190)	(138,185)
Gross profit		**519,140**	**368,134**
Staff costs	2	(492,942)	(341,867)
Profit/loss before amortisation/depreciation and impairment losses		**26,198**	**26,267**
Depreciation, amortisation and impairment of plant and equipment		(2,025)	(1,325)
Profit/loss before net financials		**24,173**	**24,942**
Financial income	3	13,987	4,428
Financial costs	4	(15,899)	(5,300)
Profit/loss before tax		**22,261**	**24,070**
Tax on profit/loss for the year	5	(4,900)	(5,282)
Profit/loss for the year		**17,361**	**18,788**
Distribution of profit	6		

Balance pr. 31 May 2024

	Note	2024	2023
		t.kr.	t.kr.
Assets			
Plant and machinery	7	2,155	2,772
Other fixtures and fittings, tools and equipment	7	13,739	14,990
Tangible assets		**15,894**	**17,762**
Deposits	8	245,605	162,326
Fixed asset investments		**245,605**	**162,326**
Total non-current assets		**261,499**	**180,088**
Raw materials and consumables		12,814	9,520
Work in progress		154,195	168,927
Stocks		**167,009**	**178,447**
Trade receivables		126,263	165,119
Receivables from group entities		339,400	236,122
Other receivables		21	98
Joint taxation contributions receivable		0	1,889
Prepayments	9	85,432	5,955
Receivables		**551,116**	**409,183**
Cash at bank and in hand		**242**	**2,643**
Total current assets		**718,367**	**590,273**
Total assets		**979,866**	**770,361**

Balance pr. 31 May 2024

	Note	2024	2023
		t.kr.	t.kr.
Equity and liabilities			
Share capital		10,000	10,000
Retained earnings		88,653	91,292
Equity	10	**98,653**	**101,292**
Provision for deferred tax	11	9,556	11,627
Other provisions	12	2,000	2,000
Total provisions		**11,556**	**13,627**
Joint taxation contributions payable		6,971	1,318
Other payables		20,864	20,433
Total non-current liabilities	13	**27,835**	**21,751**
Banks		313	15
Prepayments received from customers		203,434	249,454
Trade payables		344,115	296,410
Prepayments received recognised in debt	14	7,329	20,768
Payables to group entities		202,961	0
Joint taxation contributions payable		1,318	0
Other payables		82,352	67,044
Total current liabilities		**841,822**	**633,691**
Total liabilities		**869,657**	**655,442**
Total equity and liabilities		**979,866**	**770,361**
Contingent liabilities	15		
Mortgages and collateral	16		
Related parties and ownership structure	17		

Statement of Changes in equity

	Share capital	Retained earnings	Proposed extraordinary dividend	Total
Equity	10,000	91,292	0	101,292
Extraordinary dividend paid	0	0	(20,000)	(20,000)
Net profit/loss for the year	0	(2,639)	20,000	17,361
Equity	**10,000**	**88,653**	**0**	**98,653**

Pengestrømsopgørelse 1 June 2023 - 31 May 2024

	Note	2023/24	2022/23
		t.kr.	t.kr.
Net profit/loss for the year		17,361	18,788
Adjustments	18	8,730	7,479
Change in working capital	19	(128,097)	320,110
Cash flows from operating activities before financial income and expenses		**(102,006)**	**346,377**
Interest income and similar income		13,987	4,428
Interest expenses and similar charges		(15,900)	(5,300)
Cash flows from ordinary activities		**(103,919)**	**345,505**
Corporation tax paid		1,889	(7,225)
Cash flows from operating activities		**(102,030)**	**338,280**
Purchase of property, plant and equipment		(197)	(9,471)
Sale of property, plant and equipment		144	0
Change in deposits		(83,279)	(139,274)
Cash flows from investing activities		**(83,332)**	**(148,745)**
Dividend paid		(20,000)	0
Cash pool		202,961	(187,172)
Cash flows from financing activities		**182,961**	**(187,172)**
Change in cash and cash equivalents		**(2,401)**	**2,363**
Cash and cash equivalents		2,643	280
Cash and cash equivalents		**242**	**2,643**
Analysis of cash and cash equivalents:			
Cash at bank and in hand		242	2,643
Cash and cash equivalents		**242**	**2,643**

Notes to the annual report

1 Information on segments

Activities - primary segment

The company only operates within one business segment and in one market, production and sale of wind turbine towers, etc. to the wind turbine market.

	2023/24	2022/23
	t.kr.	t.kr.
2 Staff costs		
Wages and salaries	449,983	313,567
Pensions	37,816	23,834
Other social security costs	5,143	4,466
	492,942	**341,867**
Number of fulltime employees on average	773	605

According to section 98 B(3) of the Danish Financial Statements Act, renumeration to the Executive board and Board of Directors has not been disclosed.

3 Financial income

Interest received from group entities	13,728	4,333
Other financial income	259	95
	13,987	**4,428**

Notes to the annual report

		2023/24	2022/23
		t.kr.	t.kr.
4	**Financial costs**		
	Interest expenses to group entities	3,261	785
	Other financial expenses	12,638	4,515
		15,899	**5,300**
5	**Tax on profit/loss for the year**		
	Current tax for the year	6,971	1,318
	Deferred tax for the year	(2,071)	3,964
		4,900	**5,282**
6	**Distribution of profit**		
	Extraordinary dividend for the year	20,000	0
	Retained earnings	(2,639)	18,788
		17,361	**18,788**

Notes to the annual report

7 Tangible assets

	Plant and machinery	Other fixtures and fittings, tools and equipment
Cost	19,068	24,689
Additions for the year	197	0
Disposals for the year	(600)	(150)
Cost	18,665	24,539
Impairment losses and depreciation	16,296	9,699
Depreciation for the year	726	1,101
Reversal of impairment and depreciation of sold assets	(512)	0
Impairment losses and depreciation	16,510	10,800
Carrying amount	**2,155**	**13,739**

8 Fixed asset investments

	Deposits
Cost	162,326
Additions for the year	83,279
Cost	245,605
Carrying amount	**245,605**

9 Prepayments

Prepayments comprise prepaid expenses regarding insurance premiums, subscriptions and prepaid suppliers of which DKK 69 million is due for payment more than 1 year after the end of the financial year.

Notes to the annual report

10 Equity

The share capital consists of 10,000,000 shares of a nominal value of t.kr. 1. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

	2024	2023
	t.kr.	t.kr.
11 Provision for deferred tax		
Provision for deferred tax	11,627	7,662
Deferred tax recognised in income statement	(2,071)	3,965
Provision for deferred tax	**9,556**	**11,627**

12 Other provisions

	2024	2023
Balance at beginning of year	2,000	2,000
Balance	**2,000**	**2,000**

	2024	2023
The expected due dates of other provisions are:		
Between 1 and 5 years	2,000	2,000
	2,000	**2,000**

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

Notes to the annual report

13 Long term debt

	Debt	Debt	Instalment next year	Debt outstanding after 5 years
Joint taxation contributions payable	1,318	6,971	0	0
Other payables	20,433	20,864	0	0
	21,751	**27,835**	**0**	**0**

	2024 t.kr.	2023 t.kr.
14 Contract work in progress		
Work in progress, selling price	(180,474)	(119,862)
Work in progress, payments received on account	173,145	99,094
	(7,329)	**(20,768)**
Recognised in the balance sheet as follows:		
Contract work in progress under assets	0	0
Prepayments received under liabilities	(7,329)	(20,768)
	(7,329)	**(20,768)**

15 Contingent liabilities

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 2024 the net balance in the cash pool arrangement amounts to DKK (71,452) thousand.

Other liabilities

The company has entered into operating leases with term to maturity from 2024-2049. The total commitment relating to these leases amounts to DKK 649,541 thousand as of 31 May 2024. Hereof DKK 592,044 thousand relates to group companies. DKK 69,818 thousand is due within 1 year, hereof DKK 56,329 thousand to group companies.

Notes to the annual report

15 Contingent liabilities (fortsat)

The company has entered into lease obligation of land and buildings for the years 2024-2038 for production, inventory and administration. The total commitment relating to these leases amounts to DKK 1,851,958 thousand as of 31 May 2024 which relates to group companies. DKK 131,500 thousand is due within 1 year.

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.

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

The company has issued a surety to the bank as a security for the bank debt for the group companies CJ Holding ApS, Welcon Group A/S, Conwel A/S and Brande Investerings- og Finansieringsselskab A/S.

As a security for the surety issued by CJ Holding ApS, the company has deposited DKK 7,500 thousand.

16 Mortgages and collateral

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 309,166 thousand as of 31 May 2024. 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.

17 Related parties and ownership structure

Controlling interest

Welcon Group A/S, Vejlevej 270, 7323 Give, Denmark
Welcon Group A/S holds the majority of the share capital in the company.

Notes to the annual report

17 Related parties and ownership structure (fortsat)

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 Act.

Consolidated financial statements

The company is reflected in the group reporting for the parent company Welcon Group A/S, Give, Denmark, CVR no. 43 85 11 52 and CJ Holding ApS, Give Denmark CVR no. 17 08 80 76, which are the smallest and largest groups, respectively, in which the company is included as a subsidiary.

Notes to the annual report

		2023/24 t.kr.	2022/23 t.kr.
18	**Cash flow statement - adjustments**		
	Financial income	(13,987)	(4,428)
	Financial costs	15,899	5,300
	Depreciation, amortisation and impairment losses	2,025	1,325
	Gain from disposal of machinery and equipment	(107)	0
	Tax on profit/loss for the year	4,900	5,282
		8,730	**7,479**

19	**Cash flow statement - change in working capital**		
	Change in inventories	11,438	(24,440)
	Change in receivables	(143,823)	50,740
	Change in trade payables, etc.	4,288	293,810
		(128,097)	**320,110**