ANNUAL REPORT

2023/24

WELCON

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 24 October 2024
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 and US market. Offshore wind will grow rapidly in the years to come as the demand for green energy is accelerating.

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 continued the production of the next Tetra Sub prototype, which is planned to be delivered early 2026. 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

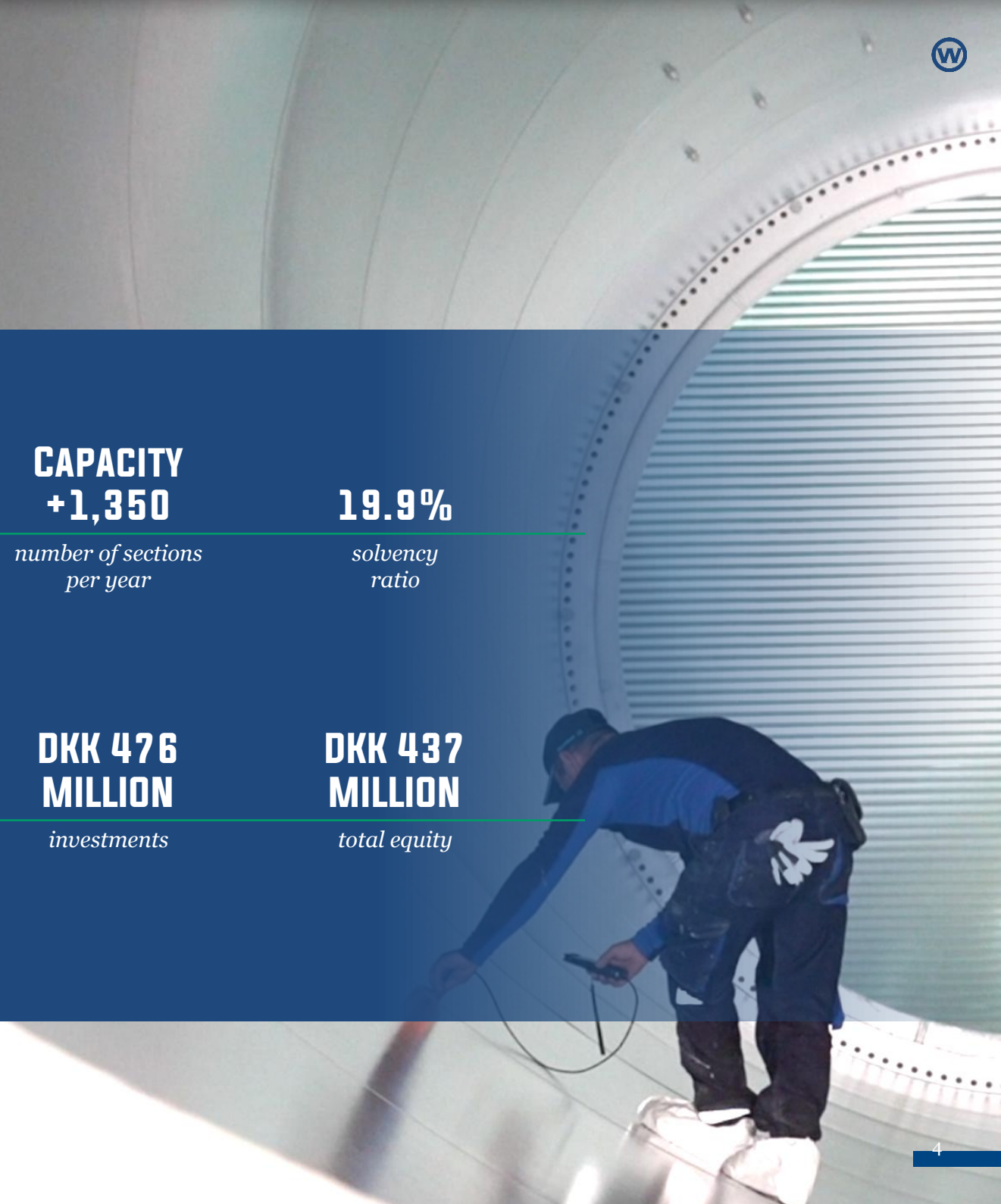
We are a strong, experienced, and innovative player in the renewable energy industry. On a continuous basis we expand and develop our state-of-the-art factory to meet market demands for even larger wind turbines. Through application of robotic technologies and a skilled workforce with strong competences,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

CLIMATE AWARENESS

In a time where the consequences of climate change are becoming increasingly evident, companies worldwide must recognize the important role they play in mitigating its impact. From heat waves and rising waters to rainstorms and forest fires, the profound effects of climate change necessitate urgent action. Welcon Group can impact and accepts the responsibility, making climate awareness an imperative for sustainable success.

The renewable energy transition must happen now. Our mission is to supply products for the green transition to save our planet.



NEARLY 60 YEARS

of experience within steel construction

DKK 1.3 BILLION

annual turnover 2023/2024

CAPACITY +1,350

number of sections per year

19.9%

solvency ratio

DKK 2.2 BILLION

total balance sheet

931

employees end of period

DKK 476 MILLION

investments

DKK 437 MILLION

total equity

SATISFACTORY PROFIT IN A CHALLENGING YEAR

STRENGTHENING OUR BUSINESS

This year we finalized the strategic build-out of our facilities in Give creating the largest offshore tower factory on both sides of the Atlantic. The total investment amounted to DKK 1.2 billion.

The build-out was completed in just two years and today we operate the most technologically advanced facility available.

The market for both onshore and offshore towers as well as floating foundations are expected to increase significantly in the next few years. Welcon is ideally positioned for upcoming growth.

RECORD HIGH ACTIVITY

This year we welcomed 224 new employees and thereby increased the workforce by 32% needed for building our business to achieve another record high activity level. The continuous business growth together with the massive expansion of the capacity and capability has 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 decreasing but still high level of inflation and interest rates. This impacted not only our business but the entire industry negatively, leading the profitability to remain under enormous pressure. Unlike many of our colleagues in the industry we are proud to having achieved a satisfactory profit.

Welcon Group continues to hold a historical high order book with an outlook until 2030.

FINANCIAL REVIEW

The Group's income statement for the year ended 31 May 2024 shows an EBITDA of DKK 125.1 million and a profit of DKK 35.8 million. The balance sheet at 31 May 2024 shows an equity of DKK 436.9 million.

The EBITDA of the year is slightly below expectations. This is mainly caused by an adverse impact of the strategic build-out of our facilities in Give. The EBITDA and profit of the year is considered overall satisfactory as we are now fully ramped up for future efficient manufacturing.

EXPECTED DEVELOPMENT OF THE COMPANY, INCLUDING SPECIFIC PREREQUISITES AND UNCERTAINTIES

Based on confirmed orders and a close to fully booked production capacity, the management expects the financial statements for 2024/2025 to show a turnover at the level of DKK 1.4 billion and improved EDITDA in the level of DKK 200-210 million.

THE YEAR AT A GLANCE

2023/24 has been another exciting year. We appreciate the dedication from all our employees in a year in which we were able to continue the growth of our business.

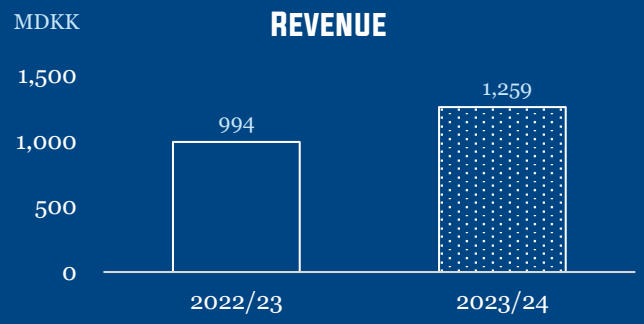
I would like to take this opportunity to thank all employees and business partners for the good cooperation in the past year.

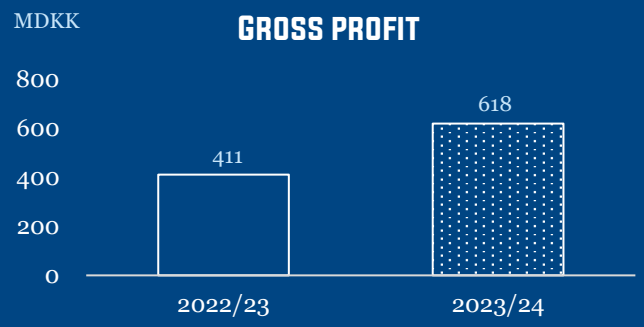
Jens Risvig Pedersen
CEO

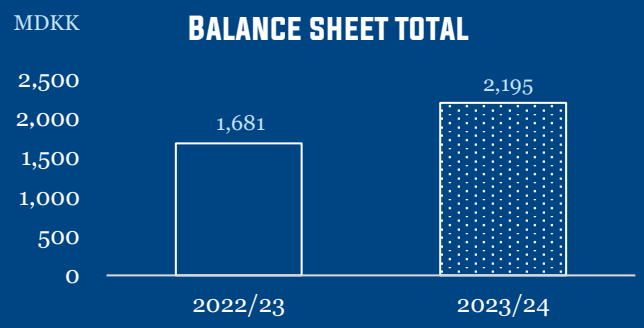
FINANCIAL HIGHLIGHTS AT WELCON GROUP A/S

	Group	
	2023/24	2022/23
	DKK'000	DKK'000
Key figures		
Profit/loss		
Revenue	1,259,195	993,954
Gross profit	618,065	410,567
Profit before amortisation/depreciation and impairment losses	125,123	68,700
Operating profit	71,941	48,399
Net financials	(29,119)	9,644
Profit for the year	35,830	47,037
Balance sheet		
Balance sheet total	2,195,316	1,680,834
Investment in property, plant and equipment	(476,103)	(503,595)
Equity	436,938	401,108
Ratios		
Return on assets	3.4%	3.0%
Solvency ratio	19.9%	23.9%
Return on equity	8.6%	12.6%
Board member	3	
Underrepresented gender	0.0%	
Target in percentage	33.0%	
Year of meeting targets	2028	

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.







IDEALLY POSITIONED FOR FUTURE GROWTH

In 2024 we finalized 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 120,000 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, extension of finish production lines, a large new surface treatment facility, three assembly buildings and some additional storage, office, and welfare facilities, enabling Welcon to produce the largest offshore towers currently on the market.

The factory consists of 15 fit-up and welding lines and a capacity of producing 200,000 tons steel for towers and 25,000 tons steel for floating foundations per year. We have delivered approx. 50% of all European offshore towers and more than 85% of all US offshore towers.

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 facilities.

With the build-out, Welcon can produce both current and future sizes of towers and floating foundations in an efficient way and is ideally positioned for future growth.

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.

CURIOUS

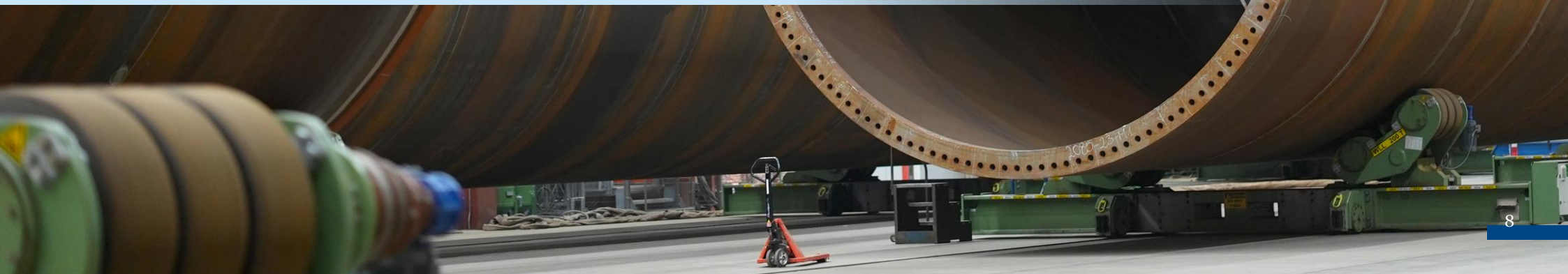
We always look ahead and explore new ground, because new and better solutions never appear out of nothing. Knowledge is and always has been the key.

OPPERTUNISTIC

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

ACCESSIBLE

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



INNOVATIVE TECHNOLOGIES

Our technologically advanced facility is widely recognized. Automation, safety, quality and efficiency are deeply rooted in everything we do.

01. PLATE PREPARATION

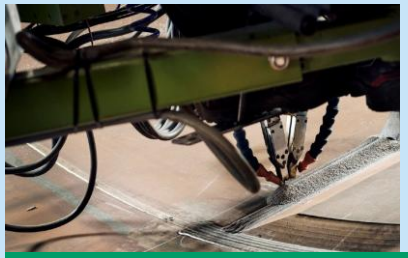
To manufacture the best products in the business, the starting point must be perfect. We cut, bevel and quality check all steel plates.

Our very modern and large facility enables 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.

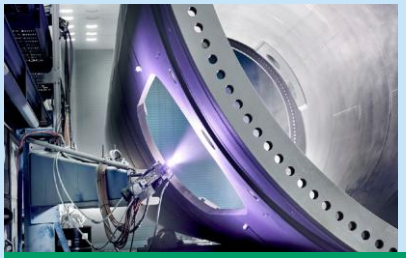
We do this every day and can roll steel plates with a thickness of up to 160 mm.



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 in offshore towers. Since 2012, Welcon has supplied 1,934 offshore towers, today producing more than 77,000 GWh annually. This equals the electricity consumption of 19 million private 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 and safety.

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 operates in an industry in 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 S G

Environment Social Governance

WORKING FOR A BETTER TOMORROW

BUSINESS MODEL

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 and US market.

SUSTAINABILITY STRATEGY

Welcon aims to be the world's most sustainable manufacturer of wind turbine towers and floating foundations. In our industry, it is a prerequisite if we want to be competitive, both in terms of being attractive to our customers, but not least to future colleagues. At Welcon, we operate under the principle of 'Do Good Business.' This means, among other things, that as a company, we have an economic, social, and environmental responsibility towards our colleagues, partners, customers and local community. It is every company's responsibility to ensure that future generations can also enjoy the same benefits and experiences with nature as we do today.

Welcon is committed to working focused and strategically on sustainability and circularity, dedicating time and necessary resources to the agenda. In practice, this strategy will be evaluated as part of our annual management review under applicable ISO certifications and be a regular agenda item at board meetings.

Welcon's overarching objective is to become net positive by 2040. To support this, we have established a series of goals, which will be further elaborated on the next page.

OUR GOALS

ECOVADIS
INCREASE ECOVADIS RATING TO SILVER BY 2026

Our primary focus will be aimed towards climate data reporting, our value chain and to introduce sustainable initiatives onsite to reduce carbon emissions.

SBTI
COMMIT TO SBTI IN 2025

Establish a roadmap to ensure that Welcon meets the demands of The Paris Agreement.

100% RENEWABLE ENERGY CONSUMPTION
IN 2028

Procure all our electricity and heating consumption from renewable energy sources.

PRODUCT SPECIFIC CARBON FOOTPRINT
IN 2027

Monitoring and reporting on the environmental footprint of each product through Life Cycle Assessment/ Environmental Product Declaration.

40% REDUCTION OF GWP EMISSIONS
IN 2030

Reduce the total GWP emissions by 40% by 2030, based on the baseline established for ESRS reporting in 2025.

SELECTING AND WORKING WITH THE UN SUSTAINABLE DEVELOPMENT GOALS (SDG)

We have chosen to work with the Sustainable Development Goals. Please refer to pages 19-20.

FRAMEWORK FOR SUSTAINABILITY EFFORTS

ECOVADIS

Welcon has chosen to utilize EcoVadis as a tool and framework for our sustainability efforts. The tool will assist us in managing and prioritizing our initiatives, greatly influenced by our customers' desires.

ISO 14001

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

As we begin to work with the framework of the CSRD requirements, the alignment and possibilities to support the process using the Management System from our ISO 14001 Certificate becomes apparent.

Environmental Protection has equal status to considerations for Health, Safety and Quality.

Responsibility for the Environmental Policy and Supporting Statement lies with the CEO. 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 laws and reflecting 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 and carbon footprint.

ON THE UPCOMING SUSTAINABILITY REGULATION

COMPETITIVE

Welcon is obliged to report on the new CSRD Framework from the financial year ending 2026. For Welcon, sustainability is a competitive parameter, which is why we, as with our products, want to deliver high quality reporting.

RESOURCES

We have already now chosen to strengthen our internal resources within this area to be able to comply. We have established a sustainability advisory board consisting of our Deputy CEO, CFO, QHSE Manager, Business Development Manager, Group General Counsel & Group Sustainability Manager.

DOCUMENTATION

When we measure and quantify our efforts, we can also make an actual difference and improve. We have chosen specific tools to gather climatic data and to perform the Double Materiality Assessment (DMA).

PROCESS

We have commenced the initial steps to the CSRD reporting in Q1 2024, preparing the DMA, performing gap analysis etc. In 2024/2025 our focus will be on gathering climatic data.

An initial output from our CSRD-process is the value chain mapping. Please refer to page 18.

The upstream, own operations and downstream overview is explained based on the framework known from Life Cycle Assessments.

VALUE CHAIN OVERVIEW OF WELCON

UPSTREAM			WELCON	DOWNSTREAM		
RESSOURCE EXTRACTION AND PROCESSING	**PROCUREMENT**	**TRANSPORTATION**	**OWN OPERATIONS**	**TRANSPORTATION**	**USAGE**	**END OF SERVICE AND DEMOLITION**
RESOURCE EXTRACTION, E.G.: ▪ Iron ▪ Zinc ▪ Coal ▪ Copper ▪ Aluminum ▪ Lithium ▪ Boron ▪ Nickel ▪ Oil ▪ Chemical raw materials ▪ Other minerals and raw materials **RESSOURCE PROCESSING AND MANUFACTORING** ▪ Various industrial manufacturers	▪ Mechanical components ▪ Electrical components ▪ Consumables ▪ Equipment ▪ Energy ▪ Other	▪ Transportation between extraction and processing/ manufacturing stages ▪ Incoming transportation to Welcon	**TOWERS:** * ▪ Plate preparation ▪ Rolling ▪ Welding ▪ Finish ▪ Surface treatment ▪ Assembly ▪ Testing ▪ Wash ▪ Storage ▪ Lifting/preparation for transportation ➢ Waste, e.g.,steel and wastewater ➢ Internal transportation between operation steps * Similar process for other products e.g. floating foundations and pressure tanks	▪ Transportation from Welcon to the installation site by land or ship, for onshore/ offshore installation	▪ Installation of complete windturbine ▪ Assembled with e.g. foundation, blades and nacelle ▪ Electricity generation ▪ Maintenance of the wind-turbine ▪ Connection from wind-turbine to grid	▪ Windturbine is dismantled ▪ Possible restoration of the area ▪ Windturbine components are either recycled or sent to landfill

OUR CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS

WORKING WITH THE UN SUSTAINABLE DEVELOPMENT

Each year, we select 4 Sustainable Development Goals – 2 in which we excel, and 2 that leaves space for improvement. Some goals may be a focal point over several years. This way, we actively contribute to making a difference. We have identified and are working towards specific targets to be as specific as possible as to how we contribute to the 2030 agenda.

In 2024/2025 we have chosen to work with Sustainable Development Goals #7, #8, #12 and #15.

UN'S GLOBAL GOALS 2024

7 AFFORDABLE AND CLEAN ENERGY

#7.2
Before 2030, the renewable energy part in the global energy mix must increase significantly.

#7.2
The more wind turbine towers and floating foundations Welcon produces, the more wind turbines are established globally, leading to the generation of more green energy.

8 DECENT WORK AND ECONOMIC GROWTH

#8.1
Create sustainable economic growth.

#8.5
Full employment and decent work for all, regardless of gender, age, and disability.

#8.1
As a responsible Danish company, it is our duty to contribute to sustainable economic growth. Therefore, we compensate temporary workers equally to our permanent employees and offer them the same conditions.

#8.5
We aim to create an attractive workplace that welcomes everyone. We believe that safety and well-being are closely linked to delivering the quality that is synonymous with the Welcon brand.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

#12.5
Reduce, reuse, recycle.

#12.8
Promote knowledge about sustainable development through collaboration with educational institutions.

#12.5
Waste quantities and procurement are two areas in which our business has the greatest impact, especially considering the material we use most: steel. However, steel also has significant circular potential, which is reflected in our recycling volumes for waste.

#12.8
Achieving the Sustainable Development Goals by 2030 requires collective effort. Therefore, we are committed to collaborating with educational institutions and other stakeholders. This collaboration aims not only to disseminate advancements in the wind turbine industry but also to influence and drive progress within the sector.

15 LIFE ON LAND

#15.5
Limit the degradation of natural habitats and halt the loss of biodiversity.

#15.5
As part of a heavy industry, we have a responsibility to ensure that our local environment contributes to increased biodiversity.

OUR CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS

WORKING WITH THE SUSTAINABLE DEVELOPMENT GOALS

UN'S GLOBAL GOALS 2024

7 AFFORDABLE AND CLEAN ENERGY

#7.2

KPI: The proportion of total energy consumption derived from renewable energy at Welcon, potentially compared to the sector/industry level. Measured in kWh and CO_2.

KPI: Reduce the "payback period" before a wind turbine becomes CO_2-neutral.

8 DECENT WORK AND ECONOMIC GROWTH

#8.1 - Create sustainable economic growth.

KPI: Gross national income per employee compared to the municipal level, broken down by gender.

#8.5 - Full employment and decent work for all across gender, age, and disability.

KPI: Proportion of the workforce in flexible jobs, §56, part-time, senior schemes, etc.

KPI: Number of student assistants, interns, apprentices, trainees, etc.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

#12.5 - Reduce the amount of waste.

KPI: Amount of produced waste (tons).

KPI: Amount of waste recycled, incinerated, and landfilled, compared to the number of units produced.

#12.8 - Promote knowledge of sustainable development.

KPI: Participation in interviews/educational tasks related to sustainability.

KPI: Number of student assistants, interns, apprentices, trainees, etc.

KPI: Collaboration projects with stakeholders.

15 LIFE ON LAND

#15.5 - Limit the degradation of natural habitats and halt the loss of biodiversity.

KPI: Score on the biodiversity barometer.

KPI: Number of m^2/ha allocated for biodiversity improvement.

OUR EFFORTS ONSITE

ELECTRICITY

Welcon installed 1 MW solar panels late 2022 at our site. The panels can produce 1 GW electricity per year which covers approx. 7% of our total consumption. To put in perspective 1 GW solar energy can provide electricity for c. 250 households. Our potential capacity based on suitable roof area is 10 GW per year.

HEATING

Almost all buildings at Welcon are heated using biofuel. Most of the biofuel stems from our sister company Superwood, where woodchips and sawdust are waste products from the production. We have made a collaboration with Superwood to install a tablet press at their site, to reduce the density of the biofuel – the result is more efficient energy usage and decreased transportation between the sites. We have installed a new stoker and pellet furnace in 2023 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. We primarily use water for sanitation and cleaning purposes. Water which is contaminated with residues of cleaning products and machinery-oil is collected in large basins onsite in accordance with our environmental approval from Vejle Municipality. It is then tested and categorized either as industrial waste or industrial hazardous waste. In 2023/2024, we collected 23.09 m^3 of industrial hazardous waste.

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.

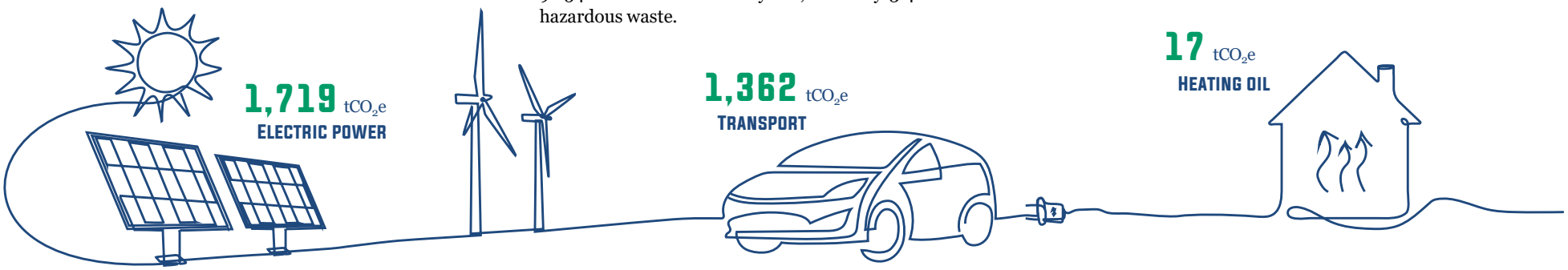
Welcon employees are educated in handling hazardous materials in the production. Hazardous waste is carefully handled and stored in approved containers before being disposed via licensed partners.

96.54% of our waste is recycled, and only 3.46% of it is hazardous waste.

TRANSPORT

Welcon uses electrical cars and lifting equipment to the extent 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 loads.

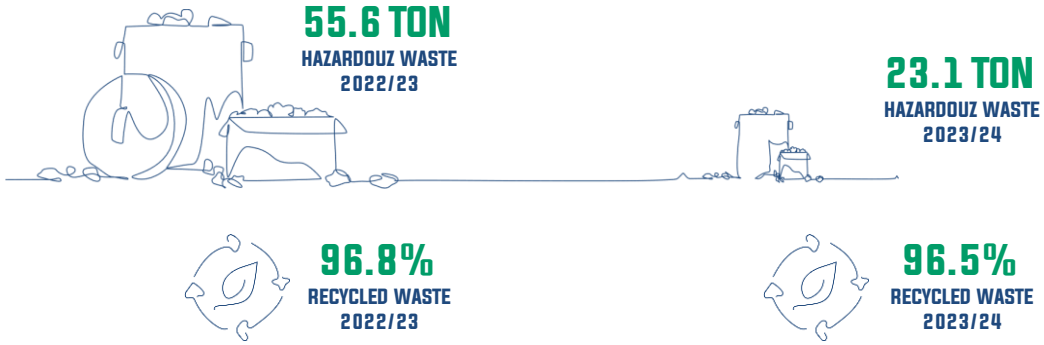
We are exploring reducing diesel consumption, as this is one of our major sources of emission onsite. Besides energy reducing efforts, we are investigating whether it is possible to introduce HVO diesel as a fuel source, which has a reduced carbon footprint of 75% compared to conventional diesel.



ESG KEY FIGURES

CATEGORY	UNIT	2022/23	TCO_2e	2023/24	TCO_2e	DISTRIBUTION
Vehicles and trucks - fossil fuel	Liter	396,687	1,021	529,104	1,362	42.3%
Heating oil	Liter	4,658	13	6,368	17	0.5%
Total scope 1	**tCO_2e**		**1,034**		**1,379**	**42.8%**
Electricity (location-based)	kWh	9,688,642	1,618	14,694,457	1,719	53.4%
Electricity (market-based)	*kWh*	*9,688,642*	*4,185*	*14,694,457*	*7,333*	-
Total scope 2	**tCO_2e**		**1,618**		**1,719**	**53.4%**
Water consumption	m^3	9,591	88	11,227	103	3%
Waste	Ton	9,667	-	13,427	-	-
Waste recycled	Ton	9,358	0	12,957	0	0%
Waste not recycled	Ton	309	11	470	21	1%
Total scope 3 (selected emissions)	**tCO_2e**		**99**		**124**	**4%**
Total emissions	**tCO_2e**		**2,751**		**3,222**	**100%**

CO_2E KEY FIGURE	2022/23	TCO_2e	2023/24	TCO_2e
CO_2e emissions per FTE	605 FTE	4.5	773 FTE	4.2



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 recognize 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 25 different nationalities at Welcon. This diversity provides 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, are knowledgeable and are not afraid to challenge the status quo and speak their mind.

Our employees 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.

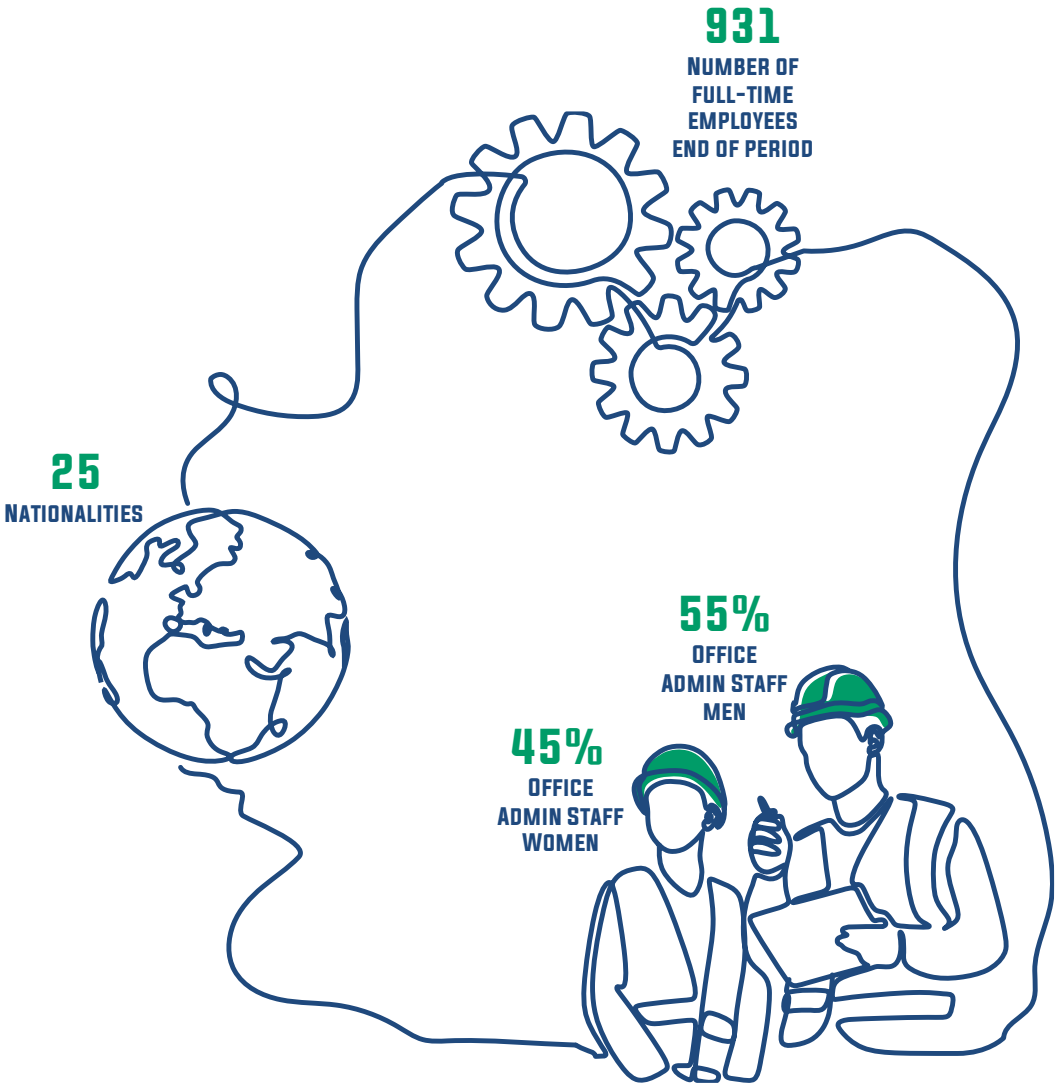
We have a working environment in which our employees enjoy getting new tasks and opportunities. We create a foundation for our employees to develop professionally and personally.

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 future 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 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 CEO. Furthermore, the Safety Organization is established according to the legal requirements in Denmark. The Safety Organization consists of representatives from management, shop floor management and employees, including employee representatives. Our Health and Safety Policy is implemented and maintained in cooperation between the Safety Organization and the management of Welcon.

WELLFARE OF OUR EMPLOYEES

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

0.6% absence ratio related to work accidents was registered in 2023/24 compared to 0.5% 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.

At Welcon, 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.**

"WORK WHEN YOU WORK"

WE ARE CURRENTLY CONDUCTING A CAMPAIGN TO ENSURE HIGH FOCUS ON SAFETY, QUALITY, WELFARE AND EFFICIENCY. THE FOLLOWING ILLUSTRATIONS ARE USED AS CHEERFUL REMINDERS DISPLAYED AT THE SITE.

ESG KEY FIGURES

SOCIAL DATA	UNIT	2022/23	2023/24	ACCOUNTING PRACTICES
Diversity				
Full-time employees, end of the period	#	707	830	Number of full-time employees. Calculated excluding temporary and short-term employments
Blue collar workers	%	91	90	% of total employees
White collar workers	%	9	10	% of total employees
Gender diversity, management level	%	20	20	Management including executive mgmt. and mgmt. group
Gender diversity, office admin staff	%	41	45	Gender diversity admin office staff, excluding production
Occupational health and safety				
Absence ratio related to sickness	%	3.8	5.2	Sickness related absence (excl. absence due to sick children and maternity leave)
Absence ratio related to work accidents	%	0.5	0.6	Total number of working hours / absence related to work accidents
Employee turnover	%	24.6	24.7	
Policies				
Healt and safety policy	Yes/no	Yes	Yes	
Child and forced labour policy	Yes/no	Yes	Yes	
Human rights policy	Yes/no	Yes	Yes	
Diversity policy	Yes/no	Yes	Yes	

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 alignment with the needs of the Group's stakeholders externally and internally.

OUR RESPONSIBILITY AS MANAGEMENT

The composition of employees at Welcon reflects that the company works within a heavy 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. However, focusing on office admin staff, Welcon has a more equal 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.

UNDERREPRESENTED GENDER

The Group strives to achieve an equal gender distribution in the Group's top management. The board of directors consists of three 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. 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 - WELCON GROUP A/S

Welcon Group A/S has no employees and is therefore not covered by the requirement to define a target for other management levels or to draw up a policy in the respect.

OTHER MANAGEMENT LEVELS, WELCON GROUP (GROUP)

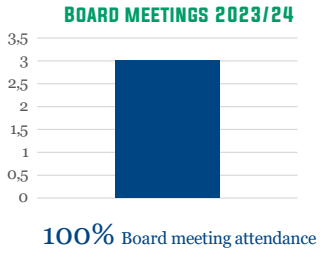
Other management levels consist of the CEO and other managers with personnel responsibility who refer to the CEO. Other management levels consist of 15 persons amongst whom 3 persons are female corresponding to 20%.

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 long term gender equality in management 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, WELCON GROUP (GROUP)

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%).



CORPORATE GOVERNANCE (CONTINUED)

PURCHASING POLICY AND PROCEDURE

Welcon is committed to structuring our procurement to mitigate to the greatest extent possible the environmental and social impact, with a focus on the purchases most material to our production. In line with quality and price, Welcon will include environmental considerations in our procurement process to ensure that purchased products have the lowest possible negative environmental and/or social footprint, minimize the use of non-renewable resources, and increase the proportion of renewable resources. We will in the coming years initiate a project to incorporate social and environmental risk assessment in our supply chain management.

LEGISLATIVE COMPLIANCE

Welcon will comply with applicable legislation at all times as a minimum requirement. Additionally, we will adhere to the 10 UN principles, ILO guidelines, and the UN SDGs as guidelines for sustainable conduct. Until 2030, Welcon will strive to work with and contribute to the achievement of the 17 SDGs to the extent possible. We will annually select SDGs that align with our focus areas, establish sub-goals, assign KPIs, and thereby ensure that we contribute to a more sustainable society.

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.

CORPORATE GOVERNANCE

WORKING WITH OUR SUPPLY CHAIN

Being a part of the wind industry, we rely on supply of minerals that typically derive from mining activities and processing in Asia. The majority of our suppliers are under free issue sourcing or directed sourcing contracts by our customers, limiting our flexibility in terms of minimizing social and environmental risks. However, our customers are some of the largest enterprises in the wind industry and carries out their responsibility in the supply chain with respect. Therefore, we rest assured, expecting that extensive risk assessment on social and environmental risks for our suppliers has already been conducted.

In the coming years, we will be focusing on gathering more comprehensive data from our suppliers, influencing internal policies and processes to reflect what Welcon considers to be sustainable business conduct. For now, we have made a geographical screening on environmental and social risks of our top 30 Tier 1 suppliers by using the assessment tools AMFORI and Preferred by Nature and investigating CSR-reporting by the individual companies. It is our ambition to build on the assessment over time, among others by including Tier 2 and Tier 3 suppliers.

POLITICS, CODE OF CONDUCTS, AND WHISTLEBLOWER SYSTEM

Our work with environmental and social concerns is reflected in our overall strategy, our policies, and our Code of Conduct. We will in the coming years initiate a project to handle our supply chain more efficiently in terms of adherence to our Code of Conduct (CoC). For now, we have segmented our suppliers into two categories; A) Top 30 suppliers based on purchasing volume, and B) Qualified suppliers which are material to Welcon's production.

0

Whistleblower reports

CoC signed by top 30 suppliers

Target in 2025: 100%

Supplier sustainability survey completed by qualified suppliers

Target in 2025: 100%

ESG KEY FIGURES

GOVERNANCE	UNIT	2022/23	2023/24	ACCOUNTING PRACTICES
Occupational health and safety				
Members of the board of directors	#	3	3	
Board meetings	#	6	6	Number of board meetings held
Board meeting attendance	%	100	100	Number of board meetings attended relative to board meetings held
Gender diversity, board of directors	%	0	0	Distribution of women and men in the board of directors
Risk and regulation				
Whistleblower reports	#	0	0	Whistleblower reports within correct use of the whistleblower scheme
Whistleblower cases resolved	%	100	100	Number of whistleblower reports relative to reports resolved
Policies				
Anti-corruption policy: Yes	Yes/no	Yes	Yes	
GDPR Policy: Yes	Yes/no	Yes	Yes	
Collective agreements: Yes	Yes/no	Yes	Yes	
Working with SDG's, SBTi or COP	Yes/no	Yes	Yes	

OVERVIEW OF POLICIES, PARTNERSHIPS, AND CERTIFICATES

	Name	Description	Read more on page	Link
Strategies, Policies and COCs	Sustainability Strategy	An overview of Welcons responsibilities and ambitions regarding sustainability towards 2040	14-15	P005
	Environmental Policy	A summary of our efforts to ensure protection of the environment	16	welcon.dk/about-us/environment/
	Health and Safety Policy	A summary of our efforts to ensure protection of health, safety and welfare	24	P810
	Whistleblower Policy	How Welcon operates its whistleblower program and thereby avoid potentially irregularities or unlawful acts/conduct from going unreported	28	P57
	GDPR Policy	Description of how we handle personal contact information		P56
	Quality Policy	A summary of our quality standards and objectives	11	POOO
	Purchasing Policy	A summary of our purchasing policy	27	P2OO
Certificates, declarations, and awards	ISO 45001	Welcon is certified according to ISO 45001	24	-
	ISO 9001	Welcon is certified according to ISO 9001	11	welcon.dk/about-us/quality/
	ISO 14001	Welcon is certified according to ISO 14001	16	welcon.dk/about-us/environment/
	EcoVadis	Check out our rating in the holistic sustainability rating platform EcoVadis	16	welcon.dk/about-us/who-we-are/
Partnerships and memberships	GREEN POWER DENMARK	GREEN POWER DENMARK is considered a major influencer on behalf of the Danish energy sector		greenpowerdenmark.dk

DATA FOUNDATION AND ORGANIZATIONAL BOUNDARIES

CO_2E EMISSION FACTORS

CO_2e emissions are calculated based on the GHG Protocol and specific calculations provided by our suppliers, and the calculations are aligned with the guidelines provided by the Danish Business Authority for calculating CO_2e.

ACCOUNTING PRACTICES

In calculating CO_2e, the emission factors provided by utility companies and factors from recognized databases have been utilized, in accordance with the guidelines from the Danish Business Authority. The most recent publicly disclosed emission factors at the time of preparing the carbon footprint are employed. In cases where an emission factor is unknown at the time of the report, the previous year's factor is used, and an adjustment to the carbon footprint is made upon the publication of the new emission factor, following the guidance outlined in the GHG Protocol.

All emissions and figures are presented gross, without adjustments for CO_2e compensation. ESG metrics are compiled and calculated in accordance with the guidelines on ESG taxonomy from the Danish Business Authority and FSR's guidance on ESG reporting as of January 2022. Some ESG metrics from the catalog are not included in this ESG report due to either lack of relevance or data. The reporting year (June 1, 2022, to May 31, 2023) serves as base year for future reporting.

CONSUMPTION DATA

Consumption data derives from supplier data and measurement units. Other data are extracted from Welcon's own systems including HR and Quality Assurance.

Organizational Boundaries
This sustainability report is an account of Welcon Group A/S, CVR No. 43 85 11 52

Scope 2 account of energy consumption applies for the address:
Vejlevej 270, 7323 Give Denmark

Operational Control

The organizational boundary of this report is determined based on the operational control method.

DATA DEFINITIONS AND EXPLANATIONS

SCOPE 1
Fueled vehicles and trucks, as well as heating oil. Emission factors for diesel and gasoline has been utilized.

SCOPE 2
Electricity data are based on data provided by suppliers and measurement units.

SCOPE 3
Wastewater data is based on data provided by our supplier and measurement units.

The amount of waste is based on an extract from our waste management system. It is divided into recyclable waste and non-recyclable waste. Emission factors for landfill and hazardous waste have been used.

DATA FOR CLIMATE ACCOUNTING

CALCULATION DATA FOR ESG KEY PERFORMANCE INDICATORS

ENVIRONMENT – DATA
CO_2e emissions per FTE =
Total emissions / number of FTE

SOCIAL – SOCIAL DATA
Full-time employees =
Full-time employees at the end of the period

Blue collar workers =
Number of blue collar workers / number of FTE

White collar workers =
Number of white collar workers / number of FTE

Gender diversity management level =
((Female managers) / (all managers)) * 100

Gender Diversity office admin staff =
((Female office admin workers) /
(all office admin workers)) * 100

Absence ratio related to sickness =
(Total sick leave hours /
total available work hours) * 100

Absence ratio related to work accidents =
(Total work accident leave hours /
total available work hours) * 100

Employee turnover rate =
((Voluntary + involuntary departing FTEs)
/ FTEs) * 100

GOVERNANCE – DATA
Members of the board of directors =
Number of members of the board of directors

Board meetings =
Number of board meetings held

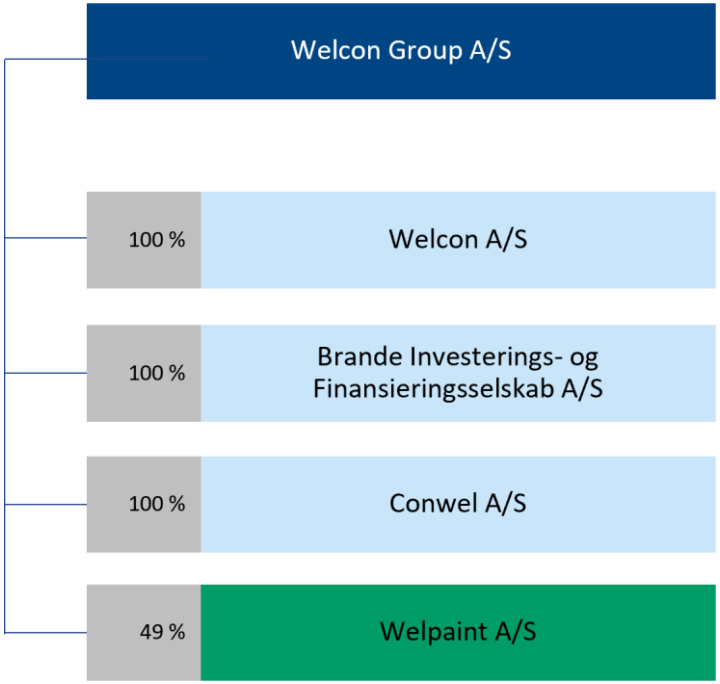
Board meeting attendance =
(Number of board members present /
total number of board members) * 100

Gender diversity board of directors =
((Female board members) /
(all board members)) * 100

Whistleblower reports =
Number of whistleblower reports

Whistleblower cases resolved =
(Number of cases resolved /
total number of cases reported) * 100

GROUP STRUCTURE AT WELCON GROUP



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FINANCIAL STATEMENTS 2023/24

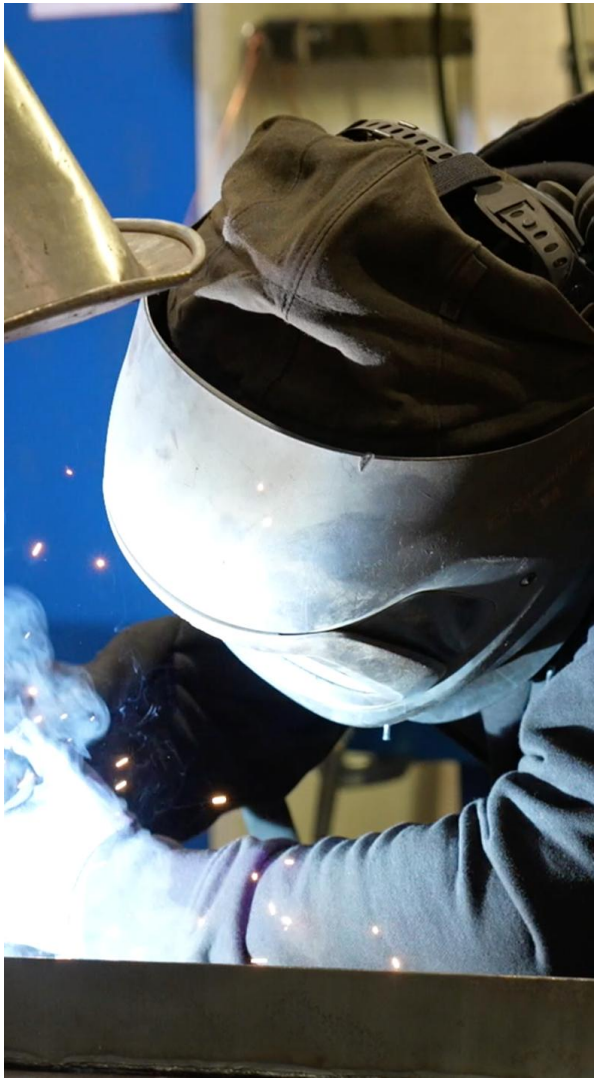
INCOME STATEMENT

1 JUNE 2023 – 31 MAY 2024

		Group		Parent company	
	Note	2023/24	2022/23	2023/24	2022/23
		DKK'000	DKK'000	DKK'000	DKK'000
Revenue	1	**1,259,195**	**993,954**	**0**	**0**
Other operating income		2,210	1,451	0	0
Raw materials and consumables		(505,022)	(484,752)	0	0
Other external expenses		(138,318)	(100,086)	(51)	(53)
Gross profit		**618,065**	**410,567**	**(51)**	**(53)**
Staff costs	2	(492,942)	(341,867)	0	0
Profit/loss before amortisation/depreciation and impairment losses		**125,123**	**68,700**	**(51)**	**(53)**
Depreciation, amortisation and impairment of property, plant and equipment		(50,972)	(18,850)	0	0
Other operating costs		(20)	0	0	0
Profit/loss before net financials		**74,131**	**49,850**	**(51)**	**(53)**
Income from investments in subsidiaries		0	0	33,721	47,036
Income from investments in participating interests		2,440	203	2,440	203
Financial income	3	17,145	20,277	18	0
Financial costs	4	(48,704)	(10,836)	(391)	(206)
Profit before tax		**45,012**	**59,494**	**35,737**	**46,980**
Tax on profit for the year	5	(9,182)	(12,457)	93	57
Profit for the year		**35,830**	**47,037**	**35,830**	**47,037**
Distribution of profit	6				

BALANCE SHEET AT 31 MAY 2024

ASSETS



	Note	Group 2024	Group 2023	Parent company 2024	Parent company 2023
		DKK'000	DKK'000	DKK'000	DKK'000
Assets					
Land and buildings		850,362	629,503	0	0
Plant and machinery		469,725	220,269	0	0
Other fixtures and fittings, tools and equipment		13,886	15,137	0	0
Prepayments for tangible fixed assets		42,764	94,790	0	0
Tangible assets	7	**1,376,737**	**959,699**	**0**	**0**
Investments in subsidiaries	8	0	0	414,828	401,107
Participating interests	9	20,014	17,574	20,014	17,574
Deposits	10	52	52	0	0
Fixed asset investments		**20,066**	**17,626**	**434,842**	**418,681**
Total non-current assets		**1,396,803**	**977,325**	**434,842**	**418,681**
Raw materials and consumables		12,815	9,520	0	0
Work in progress		154,195	168,927	0	0
Stocks		**167,010**	**178,447**	**0**	**0**

BALANCE SHEET AT 31 MAY 2024 (CONTINUED)

ASSETS

	Note	Group 2024	Group 2023	Parent company 2024	Parent company 2023
		DKK'000	DKK'000	DKK'000	DKK'000
Assets					
Trade receivables		126,379	165,571	0	0
Receivables from group entities		468,716	332,832	1,996	0
Other receivables		10,543	10,578	0	0
Deferred tax asset	11	0	0	15	9
Joint taxation contributions receivable		13,048	6,436	135	48
Prepayments	12	12,575	7,001	0	0
Receivables		**631,261**	**522,418**	**2,146**	**57**
Cash at bank and in hand		**242**	**2,644**	**0**	**0**
Total current assets		**798,513**	**703,509**	**2,146**	**57**
Total assets		**2,195,316**	**1,680,834**	**436,988**	**418,738**

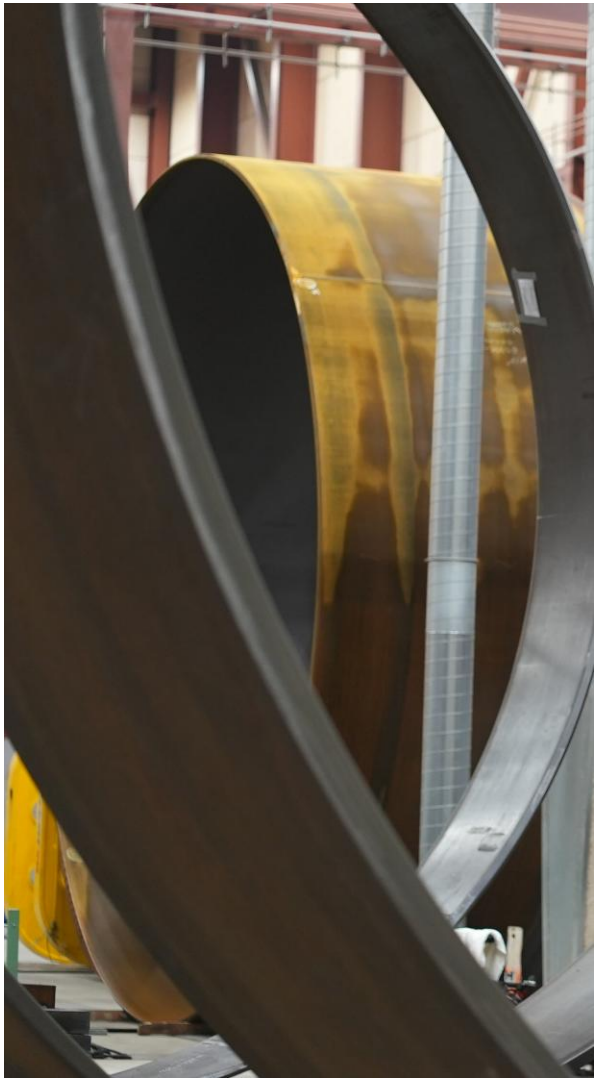
BALANCE SHEET AT 31 MAY 2024

EQUITY AND LIABILITIES

	Note	Group 2024	Group 2023	Parent company 2024	Parent company 2023
		DKK'000	DKK'000	DKK'000	DKK'000
Equity and liabilities					
Share capital		25,000	25,000	25,000	25,000
Reserve for net revaluation under the equity method		0	0	63,400	47,036
Retained earnings		411,938	376,108	348,538	329,072
Equity	13	**436,938**	**401,108**	**436,938**	**401,108**
Provision for deferred tax	11	34,250	23,538	0	0
Other provisions	14	2,000	2,000	0	0
Total provisions		**36,250**	**25,538**	**0**	**0**
Banks		20,318	80,629	0	0
Mortgage loans		263,278	207,279	0	0
Lease obligations		235,700	54,070	0	0
Joint taxation contributions payable		6,971	1,498	0	0
Other payables		20,864	20,433	0	0
Deposits		12	0	0	0
Total non-current liabilities	15	**547,143**	**363,909**	**0**	**0**

BALANCE SHEET AT 31 MAY 2024 (CONTINUED)

EQUITY AND LIABILITIES



	Note	Group 2024	Group 2023	Parent company 2024	Parent company 2023
		DKK'000	DKK'000	DKK'000	DKK'000
Equity and liabilities					
Short-term part of long-term debt	15	54,714	27,369	0	0
Banks		313	15	0	0
Prepayments received from customers		210,764	270,222	0	0
Trade payables		370,193	311,578	50	50
Prepayments received recognised in debt	16	7,329	20,768	0	0
Payables to group entities		455,129	211,592	0	17,580
Joint taxation contributions payable		1,498	2,437	0	0
Other payables		75,022	46,276	0	0
Deferred income	17	23	22	0	0
Total current liabilities		**1,174,985**	**890,279**	**50**	**17,630**
Total liabilities		**1,722,128**	**1,254,188**	**50**	**17,630**
Total equity and liabilities		**2,195,316**	**1,680,834**	**436,988**	**418,738**
Contingent liabilities	18				
Mortgages and collateral	19				
Related parties and ownership structure	20				

STATEMENT OF CHANGES IN EQUITY

Group	Share capital	Retained earnings	Total
Equity at 1 June 2023	25,000	376,108	401,108
Net profit for the year	0	35,830	35,830
Equity at 31 May 2024	**25,000**	**411,938**	**436,938**

Parent company	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
Equity at 1 June 2023	25,000	47,036	329,072	401,108
Net profit for the year	0	36,364	(534)	35,830
Distributed dividends from participating interests	0	(20,000)	20,000	0
Equity at 31 May 2024	**25,000**	**63,400**	**348,538**	**436,938**

CASH FLOW STATEMENT

1 JUNE 2023 – 31 MAY 2024

	Note	Group 2023/24	Group 2022/23
		DKK'000	DKK'000
Net profit/loss for the year		35,830	47,037
Adjustments	21	89,273	21,663
Change in working capital	22	167,639	270,242
Cash flows from operating activities before financial income and expenses		**292,742**	**338,942**
Interest income and similar income		17,145	20,277
Interest expenses and similar charges		(48,704)	(10,836)
Cash flows from ordinary activities		**261,183**	**348,383**
Corporation tax paid		(482)	(11,360)
Cash flows from operating activities		**260,701**	**337,023**
Purchase of property, plant and equipment		(238,784)	(440,021)
Sale of property, plant and equipment		8,027	357
Sale of fixed asset investments etc		0	(17,371)
Adjustment deposits		12	(40)
Cash flows from investing activities		**(230,745)**	**(457,075)**

CASH FLOW STATEMENT (CONTINUED)

1 JUNE 2023 – 31 MAY 2024

	Note	Group 2023/24	Group 2022/23
		DKK'000	DKK'000
Repayment of mortgage loans, net		0	(19,421)
Repayment of loans from credit institutions, net		(73,290)	0
Raising of mortgage loans, net		66,019	0
Raising of loans from credit institutions, net		0	133,782
Reduction of lease obligation		(25,385)	(1,901)
Change in overdraft facility		298	(45)
Group contribution received		0	10,000
Cash flows from financing activities		**(32,358)**	**(122,415)**
Change in cash and cash equivalents		**(2,402)**	**2,363**
Cash and cash equivalents		2,644	281
Cash and cash equivalents		**242**	**2,644**
Analysis of cash and cash equivalents:			
Cash at bank and in hand		242	2,644
Cash and cash equivalents		**242**	**2,644**

On August 22nd, 2024, we had the great honor of welcoming Their Majesties The King and Queen of Denmark to Welcon during their summer tour with the Royal Yacht Dannebrog. The visit provided us with a unique opportunity to showcase our innovative work in the production of tower structures and foundations for offshore wind turbines.

NOTES TO THE ANNUAL REPORT

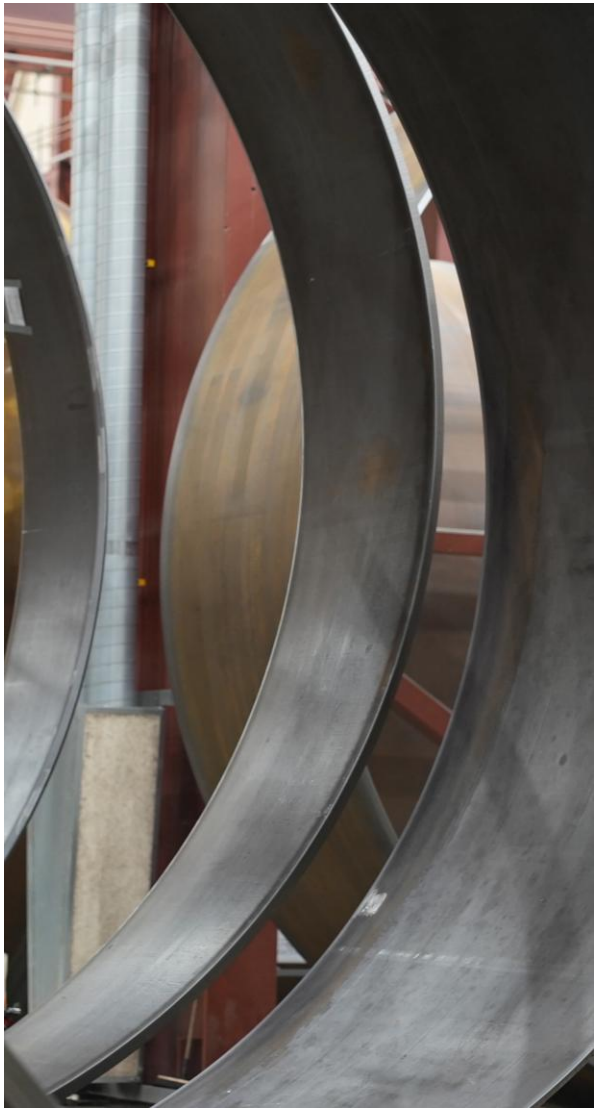
		Group		Parent company	
		2023/24	2022/23	2023/24	2022/23
		DKK'000	DKK'000	DKK'000	DKK'000
1	**Revenue**				
	Wind turbine industry	1,255,141	989,653	0	0
	Facility technical products	3,617	3,914	0	0
	Other revenue	437	387	0	0
	Total revenue	**1,259,195**	**993,954**	**0**	**0**
2	**Staff costs**				
	Wages and salaries	449,983	313,567	0	0
	Pensions	37,816	23,835	0	0
	Other social security costs	5,143	4,465	0	0
		492,942	**341,867**	**0**	**0**
	Number of fulltime employees on average	773	605	0	0

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.

NOTES TO THE ANNUAL REPORT

		Group		Parent company	
		2023/24	2022/23	2023/24	2022/23
		DKK'000	DKK'000	DKK'000	DKK'000
3	**Financial income**				
	Interest received from group entities	16,886	4,654	18	0
	Other financial income	259	15,623	0	0
		17,145	**20,277**	**18**	**0**
4	**Financial costs**				
	Interest paid to group entities	18,422	3,521	391	206
	Other financial costs	30,282	7,315	0	0
		48,704	**10,836**	**391**	**206**
5	**Tax on profit for the year**				
	Current tax for the year	(1,530)	(3,050)	(87)	(48)
	Deferred tax for the year	10,712	15,507	(6)	(9)
		9,182	**12,457**	**(93)**	**(57)**
6	**Distribution of profit**				
	Reserve for net revalution under the equity method			36,364	47,036
	Retained earnings			(534)	1
				35,830	**47,037**

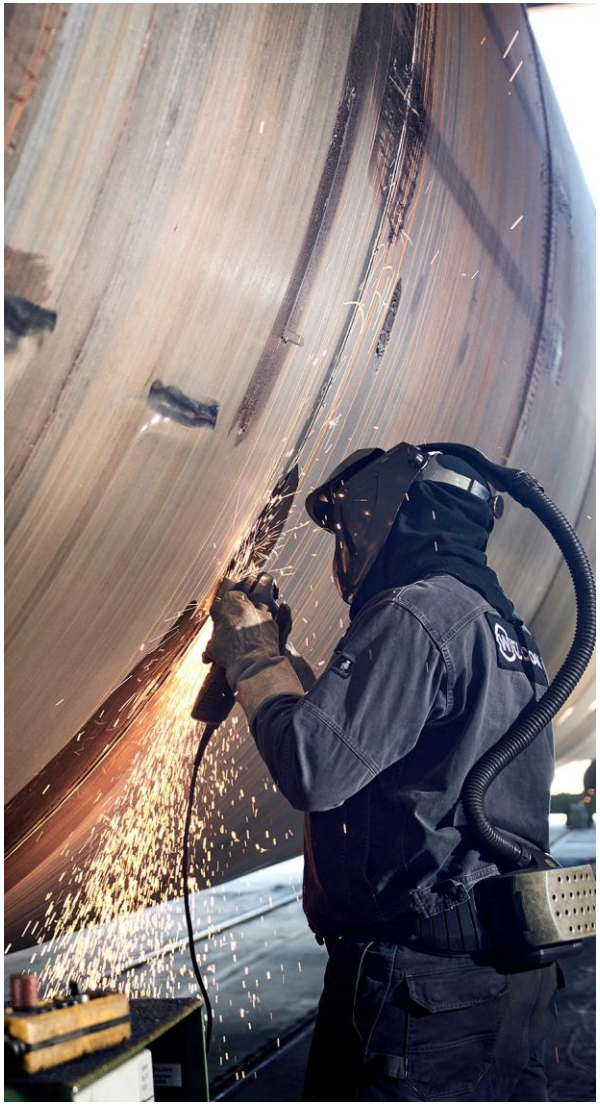
NOTES TO THE ANNUAL REPORT



7 Tangible assets

Group	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Prepay-ments for tangible fixed assets
Cost at 1 June 2023	794,695	432,181	24,835	94,790
Additions for the year	178,395	256,567	0	41,141
Disposals for the year	(24)	(29,490)	(150)	0
Transfers for the year	64,281	28,886	0	(93,167)
Cost at 31 May 2024	1,037,347	688,144	24,685	42,764
Impairment losses and depreciation at 1 June 2023	165,192	211,912	9,698	0
Depreciation for the year	21,817	27,856	1,101	0
Reversal of impairment and depreciation of sold assets	(24)	(21,349)	0	0
Impairment losses and depreciation at 31 May 2024	186,985	218,419	10,799	0
Carrying amount at 31 May 2024	**850,362**	**469,725**	**13,886**	**42,764**
Interest expenses recognised as part of cost of assets	0	2,300	0	0
Value of leased assets	0	322,286	0	0

NOTES TO THE ANNUAL REPORT



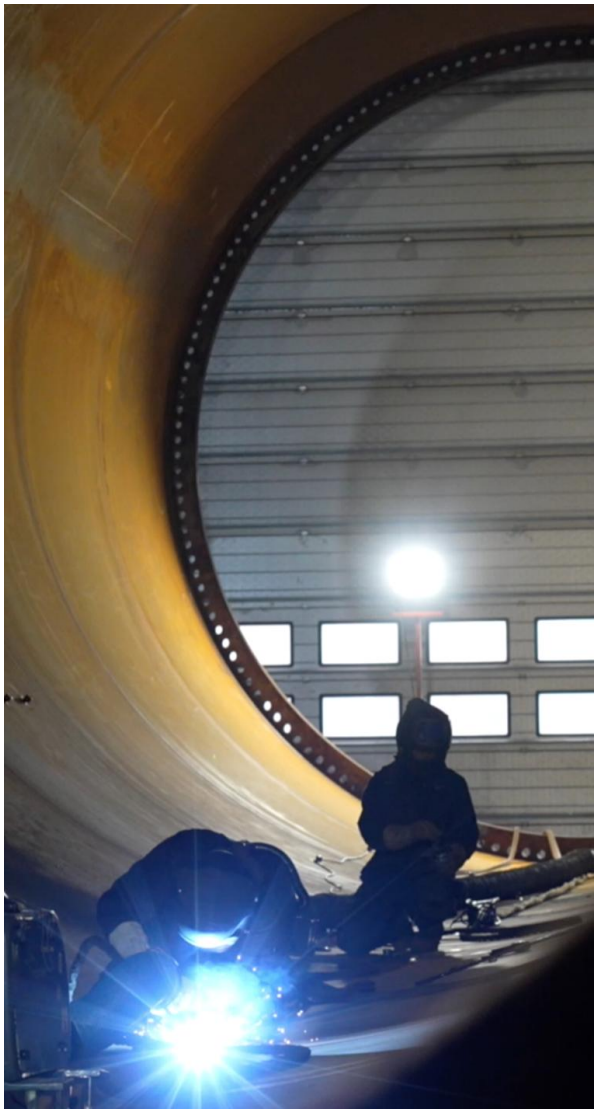
		Parent company	
		2024	2023
		DKK'000	DKK'000
8	**Investments in subsidiaries**		
	Cost at 1 June 2023	354,071	0
	Contribution	0	10,000
	Additions for the year	0	344,071
	Cost at 31 May 2024	354,071	354,071
	Revaluations at 1 June 2023	47,036	0
	Profit/loss for the year	33,721	47,036
	Received dividend	(20,000)	0
	Revaluations at 31 May 2024	60,757	47,036
	Carrying amount at 31 May 2024	**414,828**	**401,107**

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

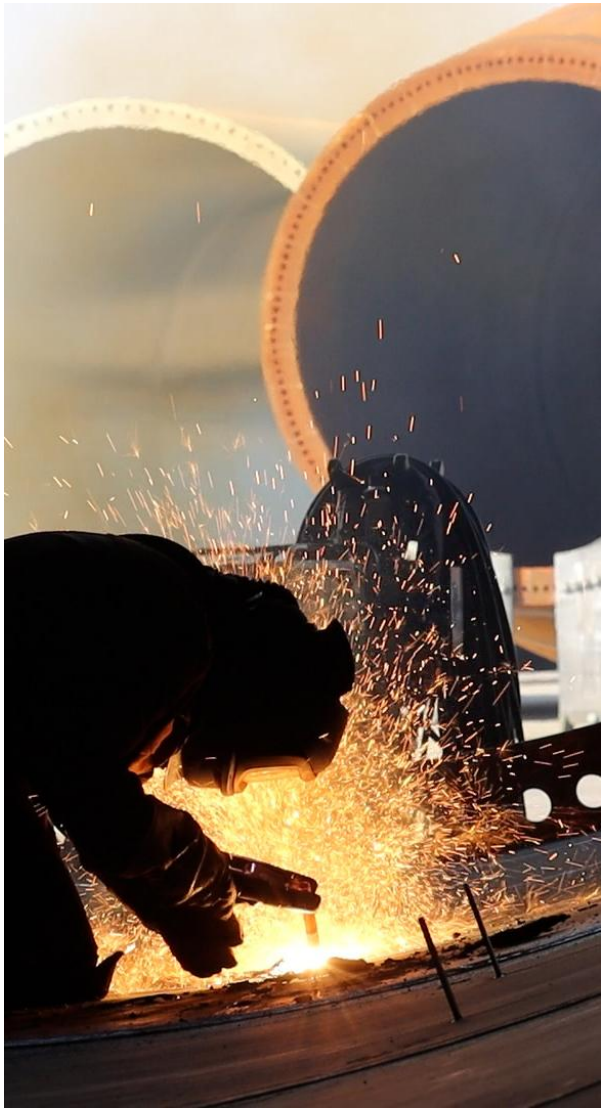


		Group		Parent company	
		2024	**2023**	**2024**	**2023**
		DKK'000	DKK'000	DKK'000	DKK'000
9	**Participating interests**				
	Cost at 1 June 2023	17,371	0	17,371	0
	Additions for the year	0	17,371	0	17,371
	Cost at 31 May 2024	17,371	17,371	17,371	17,371
	Revaluations at 1 June 2023	203	0	203	0
	Exchange adjustment	(1)	0	(1)	0
	Profit/loss for the year	2,494	203	2,494	203
	Elimination of intercompany profits on investments	(53)	0	(53)	0
	Revaluations at 31 May 2024	2,643	203	2,643	203
	Carrying amount at 31 May 2024	**20,014**	**17,574**	**20,014**	**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



10 Fixed asset investments
Group

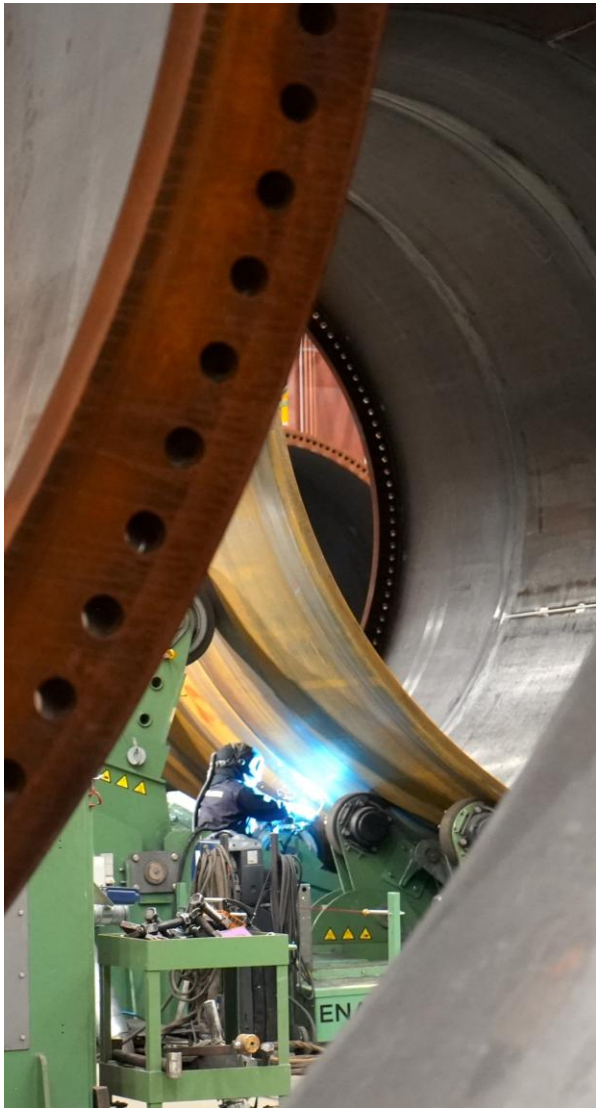
	Deposits
Cost at 1 June 2023	52
Cost at 31 May 2024	52
Carrying amount at 31 May 2024	**52**

	Group		Parent company	
	2024	**2023**	**2024**	**2023**
	DKK'000	DKK'000	DKK'000	DKK'000
11 Provision for deferred tax				
Provision for deferred tax at 1 June 2023	23,538	8,031	(9)	0
Deferred tax recognised in income statement	10,712	15,507	(6)	(9)
Provision for deferred tax at 31 May 2024	**34,250**	**23,538**	**(15)**	**(9)**

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

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

NOTES TO THE ANNUAL REPORT



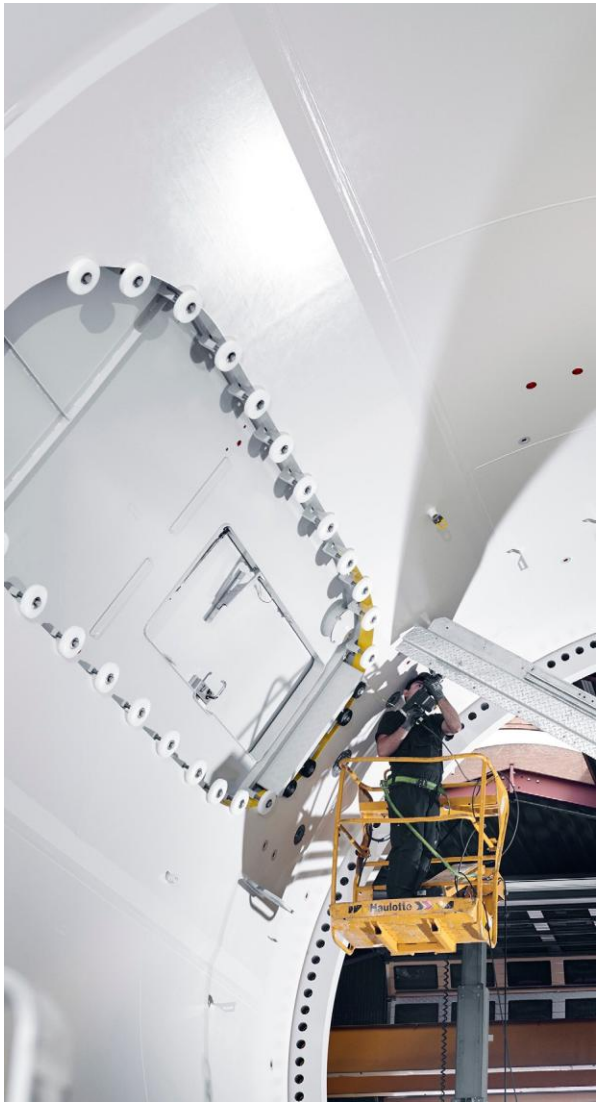
	Group		Parent company	
	2024	2023	2024	2023
	DKK'000	DKK'000	DKK'000	DKK'000
14 Other provisions				
Balance at 1 June 2023	2,000	2,000	0	0
Balance at 31 May 2024	**2,000**	**2,000**	**0**	**0**
The expected due dates of other provisions are:				
Between 1 and 5 years	2,000	2,000	0	0
	2,000	**2,000**	**0**	**0**

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

15 Long term debt

Group	Debt at 1 June 2023	Debt at 31 May 2024	Instalment next year	Debt out-standing after 5 years
Banks	94,629	21,339	1,021	14,527
Mortgage loans	213,046	279,065	15,787	208,745
Lease obligations	61,672	273,606	37,906	62,163
Joint taxation contributions payable	1,498	6,971	0	0
Other payables	20,433	20,864	0	0
Deposits	0	12	0	0
	391,278	**601,857**	**54,714**	**285,435**

NOTES TO THE ANNUAL REPORT



		Group		Parent company	
		2024	2023	2024	2023
		DKK'000	DKK'000	DKK'000	DKK'000
16	**Contract work in progress**				
	Work in progress, selling price	(180,474)	(119,862)	0	0
	Work in progress, payments received on account	173,145	99,094	0	0
		(7,329)	**(20,768)**	**0**	**0**
	Recognised in the balance sheet as follows:				
	Contract work in progress under assets	0	0	0	0
	Prepayments received under liabilities	(7,329)	(20,768)	0	0
		(7,329)	**(20,768)**	**0**	**0**

17 Deferred income

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

18 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 2024 the net balance in the cash pool arrangement amounts to DKK (71,452) 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.

NOTES TO THE ANNUAL REPORT

18 Contingent liabilities (continued)

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 2024 of DKK 57,497 thousand. DKK 13,489 thousand is due within one year.

19 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.

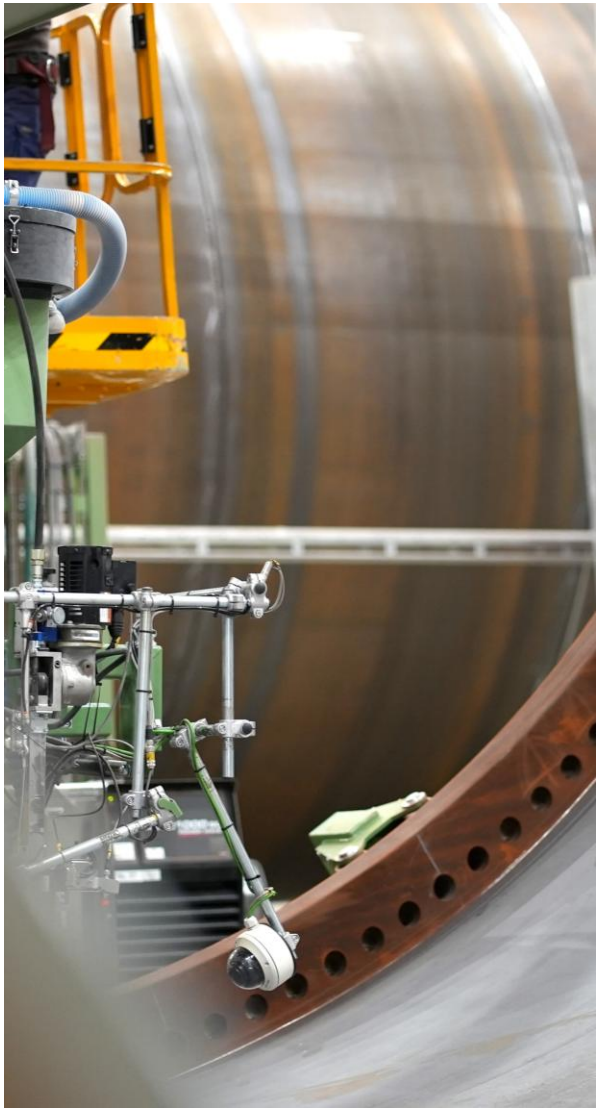
Group
As a security for bank debt, the group has provided company charges of DKK 35,000 thousand. The company charges include claims, inventories, operating equipment and intangible rights. The booked value of these assets amounts to DKK 827,729 thousand as of 31 May 2024.

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 850,362 thousand at 31 May 2024 have been provided as security for mortgage debt totalling DKK 279,065 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



20 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.

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.

	Group	
	2023/24	**2022/23**
	DKK'000	DKK'000
21 Cash flow statement - adjustments		
Financial income	(17,145)	(20,277)
Financial costs	48,704	10,836
Depreciation, amortisation and impairment losses	50,972	18,850
Income from investments in participating interests	(2,440)	(203)
Tax on profit/loss for the year	9,182	12,457
	89,273	**21,663**
22 Cash flow statement - change in working capital		
Change in inventories	11,437	(24,440)
Change in receivables	(102,231)	(210,215)
Change in trade payables, etc.	258,433	504,897
	167,639	**270,242**

ACCOUNTING POLICIES

The annual report of Welcon Group 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, as well as provisions applying to reporting class C entities.

The classification of other payables has been changed so projects that are measured after the production method, now are presented as contract work in progress. This means that other payables have decreased by DKK 7.3 million in 2024 and DKK 20.8 million in 2023. Prepayments received recognised in debt has increased with the same amount.

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

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 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.

ACCOUNTING POLICIES

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.

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.

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 intangible assets and items of property, plant and equipment.

OTHER OPERATING EXPENSES

Other operating expenses comprise items of a secondary nature relative to the company's activities.

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.

DEPRECIATION, AMORTISATION AND IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

Depreciation, amortisation and impairment of property, plant and equipment comprise the year's depreciation, amortisation and impairment of property, 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, 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.

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.

TAX ON PROFIT 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.

ACCOUNTING POLICIES

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.

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.

ACCOUNTING POLICIES

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.

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.

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.

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.

ACCOUNTING POLICIES

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'.

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.

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

COMPANY DETAILS

THE COMPANY

Welcon Group A/S
Vejlevej 270
7323 Give

CVR No.	43 85 11 52
Reporting period:	1 June 2023 – 31 May 2024
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 2023 – 31 May 2024.

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

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

Give, 24 October 2024

EXECUTIVE BOARD

Jens Risvig Pedersen, CEO

BOARD OF DIRECTORS

Carsten Risvig Pedersen
Chairman

Morten Breum-Leer

Jens Risvig Pedersen

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 2023 - 31 May 2024, 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 2024 and of the results of the group and the parent company's operations and consolidated 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 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, 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

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