

## Nepcon F.m.b.a

Skindergade 23, 3.  
1159 København K  
CVR No. 18044633

## Annual report 2020

The Annual General Meeting adopted the  
annual report on 20.05.2021

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**Jan Peter Feil**

Chairman of the General Meeting

# Contents

Entity details	2
Statement by Management on the annual report	3
Independent auditor's report	5
Management commentary	8
Consolidated income statement for 2020	11
Consolidated balance sheet at 31.12.2020	12
Consolidated statement of changes in equity for 2020	14
Consolidated cash flow statement for 2020	15
Notes to consolidated financial statements	16
Parent income statement for 2020	20
Parent balance sheet at 31.12.2020	21
Parent statement of changes in equity for 2020	23
Notes to parent financial statements	24
Accounting policies	28

# Entity details

## Entity

Nepcon F.m.b.a  
Skindergade 23, 3.  
1159 København K

Business Registration No.: 18044633  
Registered office: København  
Financial year: 01.01.2020 - 31.12.2020

## Board of Directors

Nicolai Andreas Clausen, Chairman  
Peter Michael Buron, Vice-chairman  
Jacob Andersen Sterling  
Ida Theilade  
Katie Jean Miller  
Tasso Rezende De Azevedo  
Saúl Antonio Blanco Sosa

## Executive Board

Peter Feilberg  
Hando Hain  
Jonathan Lee Jickling

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab  
Weidekampsgade 6  
2300 Copenhagen S

# Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Nepcon F.m.b.a for the financial year 01.01.2020 - 31.12.2020

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2020 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2020 - 31.12.2020.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 20.05.2021

## Executive Board



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o=Nepcon F.M.B.A. // CVR:18044633  
SN: C-DJK, O=Nepcon F.M.B.A. //  
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**Peter Feilberg**



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Jickling  
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**Jonathan Lee Jickling**



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**Hando Hain**

**Board of Directors**

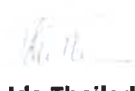
*Nicolai A. Clausen*  
**Nicolai Andreas Clausen**  
Chairman



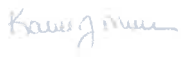
**Peter Michael Buron**  
Vice-chairman



**Jacob Andersen Sterling**



**Ida Theilade**

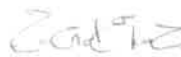


**Katie Jean Miller**

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**Tasso Rezende De Azevedo**



**Saúl Antonio Blanco Sosa**

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# Independent auditor's report

To the shareholders of Nepcon F.m.b.a

## Opinion

We have audited the consolidated financial statements and the parent financial statements of Nepcon F.m.b.a for the financial year 01.01.2020 - 31.12.2020, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2020 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2020 - 31.12.2020 in accordance with the Danish Financial Statements Act.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 the parent financial statements" section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Management's responsibilities for the consolidated financial statements and the parent financial statements

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

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Entity 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 the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 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 the parent 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent 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 Entity'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 the parent 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent 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 of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely 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 the management commentary**

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent 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 the management commentary.

Copenhagen, 20.05.2021

**Deloitte**

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556



**Susanne Arnfred Møller**

State Authorised Public Accountant

Identification No (MNE) mne24625



# Management commentary

## Financial highlights

	2020 EUR'000	2019 EUR'000	2018 EUR'000
<b>Key figures</b>			
Revenue	20,435	19,946	10,724
Gross profit/loss	11,032	10,187	6,547
Operating profit/loss	1,248	273	954
Net financials	(364)	(456)	(78)
Profit/loss for the year	583	(183)	876
Balance sheet total	10,771	10,832	10,029
Investments in property, plant and equipment	25	135	0
Equity	2,980	2,536	2,720
Cash flows from operating activities	757	417	4,095
Cash flows from investing activities	(117)	(335)	(3,438)
Cash flows from financing activities	1,331	0	
<b>Ratios</b>			
Gross margin (%)	53.99	51.07	61.05
Net margin (%)	2.85	(0.92)	8.17
Equity ratio (%)	27.67	23.41	27.12

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

### Gross margin (%):

$\frac{\text{Gross profit/loss} * 100}{\text{Revenue}}$

Revenue

### Net margin (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Revenue}}$

Revenue

### Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Balance sheet total}}$

Balance sheet total

### Primary activities

NEPCon (Nature Economy and People Connected) is an international non-profit organisation that works to build capacity and commitment for mainstreaming sustainability. For over 20 years, we have worked to foster sustainable land use and responsible trade in forest commodities. We do this through innovation projects, training and sustainability services.

### Profit/loss for the year in relation to expected developments

Profit for the year amounts to t.EUR 583 and equity at 31 december 2020 totals t.EUR 2.983 The result for the year is satisfactory.

### Uncertainty relating to recognition and measurement

2020 was a challenging year due to COVID-19. We have adjusted our way of working dramatically for health and safety purposes, but also to combat the financial risk of this pandemic. We cut major budgetary items: our Development Week (for all staff, typically every 2 years) to save on travel and other costs, staff salary increases, events, marketing. In aggregate we have cut expenses in our financial budget by 10-15% of our operating budget. However, one positive piece of this proactive management was that even on top of all of these actions, we also received significant aid from governments globally – over 600K EUR was received in the form of revenue or expense subsidies. We are uncertain that this aid will not continue through 2021, and feel that these proactive measures to manage costs will be of utmost importance in the periods to come.

### Outlook

Although COVID-19 impacts continue to be challenging to predict, overall, we see great hope in the responses of the market. Clients are remaining engaged in our systems and really see the value of the services we provide. We are closely monitoring potential terminations and thus far are approaching the situation with optimism: ready to make adjustments as necessary, but noting the resilience of the market. Many of the challenges in the middle of 2020 seem to simply be delays in the work, which saw significant catch up in Q4 2020 and into 2021. Through a significant restructuring of our organization in 2020, coupled with the proactive management of expenses, we feel that we are well positioned for the future. Our key services are already seeing significant recovery which we expect to continue into 2021, with growth coming in the latter half of the year and into 2022.

### Knowledge resources

Our 236 staff globally remain one of our largest assets. Many of our staff are respected members in their fields and regions. One key area of our value proposition focuses on the quality of services that NEPCon brings to clients but also overall to the schemes we engage in. This key to this differentiating point lies with the skills and qualifications of our staff.

### Environmental performance

Key detailed figures can be found on our internal annual report, but environmental conservatism is at the core of everything we do. Our certifications are all centered around this concept evidenced in our mission: "To support better land management and business practices that benefit people, nature, and the climate.

Further NEPCon has committed to offsetting carbon emissions generated through business operations. We have calculated the amount of carbon emissions in 2018, 2019 and are finalizing 2020. At the time of writing this report, we have not yet determined the best carbon project for purchasing credits that drive credible positive environmental and social impacts. We have estimated the per ton price of the offsets based on current carbon market pricing, and calculated it based on our annual carbon emission calculations. This estimate is 86.000 EUR, and we expect to incur this expense in 2021.

**Research and development activities**

As stated above a key part of what NEPCon does engage in certifications schemes. Often, we are the first Certification Body to provide a service - something that standard owners value to test and ensure good quality prior to launching something bigger. Many of our development activities surround this concept: to help develop a new standard and thus the service. Often, we are first to market which gives a competitive edge - adding to our already strong offerings.

**Events after the balance sheet date**

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

# Consolidated income statement for 2020

	Notes	2020 EUR	2019 EUR
Revenue		20,434,839	19,946,418
Other operating income		534,538	897,724
Other external expenses		(9,866,956)	(10,657,414)
Property costs		(70,891)	0
<b>Gross profit/loss</b>		<b>11,031,530</b>	<b>10,186,728</b>
Staff costs	1	(9,197,434)	(9,373,609)
Depreciation, amortisation and impairment losses		(561,536)	(533,569)
Other operating expenses		(24,946)	(6,841)
<b>Operating profit/loss</b>		<b>1,247,614</b>	<b>272,709</b>
Other financial income		598,103	274,474
Other financial expenses		(962,191)	(730,446)
<b>Profit/loss before tax</b>		<b>883,526</b>	<b>(183,263)</b>
Tax on profit/loss for the year	2	(300,413)	0
<b>Profit/loss for the year</b>	3	<b>583,113</b>	<b>(183,263)</b>

# Consolidated balance sheet at 31.12.2020

## Assets

	Notes	2020 EUR	2019 EUR
Completed development projects	5	385,554	99,987
Goodwill		2,556,497	2,941,574
Development projects in progress	5	114,842	386,291
<b>Intangible assets</b>	4	<b>3,056,893</b>	<b>3,427,852</b>
Land and buildings		2,155	2,587
Other fixtures and fittings, tools and equipment		184,262	184,524
<b>Property, plant and equipment</b>	6	<b>186,417</b>	<b>187,111</b>
Other investments		0	28,183
Deposits		39,745	48,580
<b>Financial assets</b>	7	<b>39,745</b>	<b>76,763</b>
<b>Fixed assets</b>		<b>3,283,055</b>	<b>3,691,726</b>
Trade receivables		2,520,585	3,815,359
Contract work in progress		409,238	296,435
Deferred tax	8	58,424	0
Other receivables		214,270	249,405
Tax receivable		19,849	0
Prepayments	9	429,074	643,869
<b>Receivables</b>		<b>3,651,440</b>	<b>5,005,068</b>
<b>Cash</b>		<b>3,836,885</b>	<b>2,134,884</b>
<b>Current assets</b>		<b>7,488,325</b>	<b>7,139,952</b>
<b>Assets</b>		<b>10,771,380</b>	<b>10,831,678</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2020 EUR</b>	<b>2019 EUR</b>
Contributed capital		512	512
Translation reserve		(139,049)	0
Reserve for development costs		499,745	486,283
Retained earnings		2,618,661	2,049,461
<b>Equity</b>		<b>2,979,869</b>	<b>2,536,256</b>
Other payables	10	2,021,495	2,794,198
<b>Non-current liabilities other than provisions</b>	<b>11</b>	<b>2,021,495</b>	<b>2,794,198</b>
Current portion of non-current liabilities other than provisions	11	2,889,071	785,305
Bank loans		109,919	378,492
Prepayments received from customers		545,713	469,764
Contract work in progress		1,252,819	969,100
Trade payables		953,140	1,391,720
Other payables		19,354	1,506,843
<b>Current liabilities other than provisions</b>		<b>5,770,016</b>	<b>5,501,224</b>
<b>Liabilities other than provisions</b>		<b>7,791,511</b>	<b>8,295,422</b>
<b>Equity and liabilities</b>		<b>10,771,380</b>	<b>10,831,678</b>
Unrecognised rental and lease commitments	13		
Contingent liabilities	14		
Assets charged and collateral	15		
Subsidiaries	16		

## Consolidated statement of changes in equity for 2020

	Contributed capital EUR	Translation reserve EUR	Reserve for development costs EUR	Retained earnings EUR	Total EUR
Equity beginning of year	512	0	486,283	2,049,461	2,536,256
Transfer to reserves	0	(139,049)	13,462	(13,913)	(139,500)
Profit/loss for the year	0	0	0	583,113	583,113
<b>Equity end of year</b>	<b>512</b>	<b>(139,049)</b>	<b>499,745</b>	<b>2,618,661</b>	<b>2,979,869</b>

# Consolidated cash flow statement for 2020

	Notes	2020 EUR	2019 EUR
Operating profit/loss		1,247,614	272,709
Amortisation, depreciation and impairment losses		561,536	533,569
Writedown of current assets		0	(6,841)
Working capital changes	12	(388,172)	73,637
<b>Cash flow from ordinary operating activities</b>		<b>1,420,978</b>	<b>873,074</b>
Financial income received		598,103	274,474
Financial expenses paid		(962,191)	(730,446)
Taxes refunded/(paid)		(300,386)	0
<b>Cash flows from operating activities</b>		<b>756,504</b>	<b>417,102</b>
Acquisition etc. of intangible assets		(483,135)	(204,953)
Acquisition etc. of property, plant and equipment		(25,204)	(134,851)
Acquisition of fixed asset investments		0	(10,235)
Sale of fixed asset investments		391,345	15,192
<b>Cash flows from investing activities</b>		<b>(116,994)</b>	<b>(334,847)</b>
<b>Free cash flows generated from operations and investments before financing</b>		<b>639,510</b>	<b>82,255</b>
Repayments of loans etc.		1,331,064	0
<b>Cash flows from financing activities</b>		<b>1,331,064</b>	<b>0</b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>1,970,574</b>	<b>82,255</b>
Cash and cash equivalents beginning of year		1,756,392	1,674,137
<b>Cash and cash equivalents end of year</b>		<b>3,726,966</b>	<b>1,756,392</b>
Cash and cash equivalents at year-end are composed of:			
Cash		3,836,885	2,134,884
Short-term bank loans		(109,919)	(378,492)
<b>Cash and cash equivalents end of year</b>		<b>3,726,966</b>	<b>1,756,392</b>



# Notes to consolidated financial statements

## 1 Staff costs

	<b>2020</b>	<b>2019</b>
	<b>EUR</b>	<b>EUR</b>
Wages and salaries	7,349,070	7,433,252
Pension costs	143,101	152,700
Other social security costs	869,544	913,867
Other staff costs	835,719	873,790
	<b>9,197,434</b>	<b>9,373,609</b>
Average number of full-time employees	<b>236</b>	<b>245</b>

	<b>Remuneration of manage- ment 2020 EUR</b>	<b>Remuneration of manage- ment 2019 EUR</b>
Executive Board	302,227	329,929
Board of Directors	6,719	6,692
	<b>308,946</b>	<b>336,621</b>

## 2 Tax on profit/loss for the year

	<b>2020</b>	<b>2019</b>
	<b>EUR</b>	<b>EUR</b>
Current tax	241,989	0
Change in deferred tax	58,424	0
	<b>300,413</b>	<b>0</b>

## 3 Proposed distribution of profit/loss

	<b>2020</b>	<b>2019</b>
	<b>EUR</b>	<b>EUR</b>
Retained earnings	583,113	(183,263)
	<b>583,113</b>	<b>(183,263)</b>

#### 4 Intangible assets

	<b>Completed development projects EUR</b>	<b>Goodwill EUR</b>	<b>Development projects in progress EUR</b>
Cost beginning of year	858,153	3,330,481	386,291
Additions	377,292	0	105,843
Disposals	0	0	(377,292)
<b>Cost end of year</b>	<b>1,235,445</b>	<b>3,330,481</b>	<b>114,842</b>
Amortisation and impairment losses beginning of year	(758,904)	(388,906)	0
Amortisation for the year	(90,987)	(385,078)	0
<b>Amortisation and impairment losses end of year</b>	<b>(849,891)</b>	<b>(773,984)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>385,554</b>	<b>2,556,497</b>	<b>114,842</b>

#### 5 Development projects

Costs incurred while developing new services, tools and other major assets used over the longer period in the future (e.g. new website, services, IT platforms, new business entities and client base etc) are capitalized as assets in the balance sheet. The capitalised costs include staff working time measured at direct employment costs plus a reasonable overhead as well as external expenses made in the course of the development activities.

Association's development projects include obtaining accreditations for new certification services that the management see are in demand on the markets as well as the implementation of new systems and tools that will significantly improve both the service delivery and back-office processes in the organisation.

#### 6 Property, plant and equipment

	<b>Land and buildings EUR</b>	<b>Other fixtures and fittings, tools and equipment EUR</b>
Cost beginning of year	2,875	410,933
Additions	0	25,204
Disposals	0	(14,053)
<b>Cost end of year</b>	<b>2,875</b>	<b>422,084</b>
Depreciation and impairment losses beginning of year	(288)	(238,219)
Depreciation for the year	(432)	(13,656)
Reversal regarding disposals	0	14,053
<b>Depreciation and impairment losses end of year</b>	<b>(720)</b>	<b>(237,822)</b>
<b>Carrying amount end of year</b>	<b>2,155</b>	<b>184,262</b>

#### 7 Financial assets

For the fiscal year 2020 financial assets consists of deposits of EUR 39,745 and disposals recognized for the period amounts to EUR 7,952

## 8 Deferred tax

	<b>2020</b>
	<b>EUR</b>
<b>Changes during the year</b>	
Recognised in the income statement	58,424
<b>End of year</b>	<b>58,424</b>

Deferred tax consists of differences in accounting and taxable figures related to assets.

## 9 Prepayments

Prepayments consists of expenses that have been paid but relate to a future fiscal year.

## 10 Other payables

	<b>2020</b>	<b>2019</b>
	<b>EUR</b>	<b>EUR</b>
Holiday pay obligation	78,274	52,920
	<b>78,274</b>	<b>52,920</b>

## 11 Non-current liabilities other than provisions

	<b>Due within 12 months 2020 EUR</b>	<b>Due within 12 months 2019 EUR</b>	<b>Due after more than 12 months 2020 EUR</b>
Other payables	2,889,071	785,305	2,021,495
	<b>2,889,071</b>	<b>785,305</b>	<b>2,021,495</b>

## 12 Changes in working capital

	<b>2020</b>	<b>2019</b>
	<b>EUR</b>	<b>EUR</b>
Increase/decrease in receivables	1,305,209	(557,387)
Increase/decrease in trade payables etc.	(1,691,988)	631,024
Other changes	(1,393)	0
	<b>(388,172)</b>	<b>73,637</b>

## 13 Unrecognised rental and lease commitments

	<b>2020</b>	<b>2019</b>
	<b>EUR</b>	<b>EUR</b>
Total liabilities under rental or lease agreements until maturity	<b>62,721</b>	<b>69,713</b>

## 14 Contingent liabilities

Nature Economy People Connected (NEPCON) (subsidiary in Ghana) has in relation to a tax audit that was carried out by the Ghana Revenue Authority (GRA) in 2020 been exposed to a tax liability. The maximum tax exposure is estimated at t.EUR 214. The amount has been disputed by the company

### 15 Assets charged and collateral

NEPCon F.M.B.A. has as security for bank debt and agreed overdraft facility, charged its equity investments in group enterprises, trade receivables and contract work in progress.

NEPCon F.M.B.A. has provided a self-declaration guarantee of EUR 1 million to Nordea on behalf of the subsidiary, NEPCon Certificering ApS, as the collateral for bank debt established.

### 16 Subsidiaries

	Registered in	Corporate form	Ownership %
NEPCon SIA	Latvia	SIA	100
NEPCon OU	Estonia	OU	100
NEPCon SP z o.o.	Poland	Z o.o.	100
NEPCon OOO	Russia	OOO	100
NEPCon LT UAB	Lithuania	UAB	100
NEPCon Cote D'Ivoire	Cote D'Ivoire	NCCI	100
NEPCon UK Ltd.	United Kingdom	Ltd.	100
NEPCon Spain S.L	Spain	S.L	100
Natur, Ecology & People Consult Sweden AB	Sweden	AB	100
NEPCon Bulgaria EOOD	Bulgaria	EOOD	100
NEPCon Group s.r.o	Czech Republic	s.r.o	100
NEPCon Certificering ApS	Denmark	ApS	100
Natur, Ecology & People Consult Sdn Bhd	Malaysia	Sdn Bhd	100
NEPCon Vietnam Ltd.	Vietnam	Ltd.	100
NEPCon (Beijing) Technical Promotion co. Ltd.	China	Ltd.	100
NEPCon Canada Inc.	Canada	Inc.	100
PT Nature Economy and People Connected	Indonesia	PT	80
NEPCon Bolivia S.R.L	Bolivia	S.R.L	80
NEPCon Costa Rica S.A	Costa Rica	S.A.	80
Nature Economy People Connected (NEPCon)	Ghana	N/A	100
NEPCon Guatemala Certifications Limitada	Guatemala	Limitada	90
NEPCon Kenya Limited,	Kenya	Limited	80
NEPCon Mexico A.C	Mexico	A.C.	100
NEPCon Peru S.A.C.	Peru	S.A.C	80
NEPCon LLC	USA	LLC.	100
NEPCon India Private Limited	India	NCIN	99,9

## Parent income statement for 2020

	Notes	2020 EUR	2019 EUR
Revenue	1	9,715,300	9,751,939
Other operating income		0	1,163
Other external expenses		(8,833,882)	(9,798,619)
Property costs		(70,891)	(142,039)
<b>Gross profit/loss</b>		<b>810,527</b>	<b>(187,556)</b>
Staff costs	2	(1,080,789)	(1,249,318)
Depreciation, amortisation and impairment losses		(104,643)	(94,640)
<b>Operating profit/loss</b>		<b>(374,905)</b>	<b>(1,531,514)</b>
Income from investments in group enterprises		896,885	1,407,919
Other financial income	3	295,678	152,420
Other financial expenses		(234,545)	(212,088)
<b>Profit/loss for the year</b>	4	<b>583,113</b>	<b>(183,263)</b>

# Parent balance sheet at 31.12.2020

## Assets

	Notes	2020 EUR	2019 EUR
Completed development projects	6	384,224	98,371
Development projects in progress	6	114,842	386,291
<b>Intangible assets</b>	5	<b>499,066</b>	<b>484,662</b>
Other fixtures and fittings, tools and equipment		28,622	17,074
<b>Property, plant and equipment</b>	7	<b>28,622</b>	<b>17,074</b>
Investments in group enterprises		5,733,517	4,981,872
Receivables from group enterprises		808,413	1,077,994
Other investments		0	28,183
Deposits		9,665	17,324
<b>Financial assets</b>	8	<b>6,551,595</b>	<b>6,105,373</b>
<b>Fixed assets</b>		<b>7,079,283</b>	<b>6,607,109</b>
Trade receivables		841,453	1,229,251
Contract work in progress		409,238	219,251
Receivables from group enterprises		999,469	1,938,267
Other receivables		15,460	135,396
Prepayments	9	139,980	182,719
<b>Receivables</b>		<b>2,405,600</b>	<b>3,704,884</b>
<b>Cash</b>		<b>516,769</b>	<b>152,326</b>
<b>Current assets</b>		<b>2,922,369</b>	<b>3,857,210</b>
<b>Assets</b>		<b>10,001,652</b>	<b>10,464,319</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2020 EUR</b>	<b>2019 EUR</b>
Contributed capital		512	512
Translation reserve		(139,495)	0
Reserve for net revaluation according to the equity method		3,565,133	2,505,868
Reserve for development costs		499,066	484,663
Retained earnings		(945,347)	(454,792)
<b>Equity</b>		<b>2,979,869</b>	<b>2,536,251</b>
Provisions for investments in group enterprises	10	151,241	21,048
<b>Provisions</b>		<b>151,241</b>	<b>21,048</b>
Payables to group enterprises		73,998	62,083
Other payables		1,973,376	2,765,193
<b>Non-current liabilities other than provisions</b>	11	<b>2,047,374</b>	<b>2,827,276</b>
Current portion of non-current liabilities other than provisions	11	1,107,642	991,894
Bank loans		114,487	387,182
Contract work in progress		540,017	693,439
Trade payables		139,299	410,406
Payables to group enterprises		2,921,723	2,596,823
<b>Current liabilities other than provisions</b>		<b>4,823,168</b>	<b>5,079,744</b>
<b>Liabilities other than provisions</b>		<b>6,870,542</b>	<b>7,907,020</b>
<b>Equity and liabilities</b>		<b>10,001,652</b>	<b>10,464,319</b>
Contingent liabilities	12		
Assets charged and collateral	13		

## Parent statement of changes in equity for 2020

	Contributed capital EUR	Translation reserve EUR	Reserve for net revaluation according to the equity method EUR	Reserve for development costs EUR	Retained earnings EUR
Equity beginning of year	512	0	2,505,868	484,663	(454,792)
Exchange rate adjustments	0	(139,495)	0	0	0
Transfer to reserves	0	0	(110,200)	14,403	95,797
Profit/loss for the year	0	0	1,169,465	0	(586,352)
<b>Equity end of year</b>	<b>512</b>	<b>(139,495)</b>	<b>3,565,133</b>	<b>499,066</b>	<b>(945,347)</b>
					<b>Total EUR</b>
Equity beginning of year					2,536,251
Exchange rate adjustments					(139,495)
Transfer to reserves					0
Profit/loss for the year					583,113
<b>Equity end of year</b>					<b>2,979,869</b>



# Notes to parent financial statements

## 1 Revenue

	<b>2020</b>
	<b>EUR</b>
Member fees	1,900
<b>Total revenue by activity</b>	<b>1,900</b>

Total revenue received from member and supporting fees during fiscal year 2020.

## 2 Staff costs

	<b>2020</b>	<b>2019</b>
	<b>EUR</b>	<b>EUR</b>
Wages and salaries	947,694	1,118,889
Pension costs	8,423	6,135
Other social security costs	70,239	51,906
Other staff costs	54,433	72,388
	<b>1,080,789</b>	<b>1,249,318</b>
Number of employees at balance sheet date	<b>12</b>	<b>12</b>

## 3 Other financial income

	<b>2020</b>	<b>2019</b>
	<b>EUR</b>	<b>EUR</b>
Financial income from group enterprises	117,387	83,967
Other interest income	178,291	68,453
	<b>295,678</b>	<b>152,420</b>

## 4 Proposed distribution of profit and loss

	<b>2020</b>	<b>2019</b>
	<b>EUR</b>	<b>EUR</b>
Retained earnings	583,113	(183,263)
	<b>583,113</b>	<b>(183,263)</b>

## 5 Intangible assets

	Completed development projects EUR	Development projects in progress EUR
Cost beginning of year	854,986	386,291
Additions	377,292	105,843
Disposals	0	(377,292)
<b>Cost end of year</b>	<b>1,232,278</b>	<b>114,842</b>
Amortisation and impairment losses beginning of year	(757,067)	0
Amortisation for the year	(90,987)	0
<b>Amortisation and impairment losses end of year</b>	<b>(848,054)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>384,224</b>	<b>114,842</b>

## 6 Development projects

Costs incurred while developing new services, tools and other major assets used over the longer period in the future (e.g. new website, services, IT platforms, new business entities and client base etc) are capitalized as assets in the balance sheet. The capitalised costs include staff working time measured at direct employment costs plus a reasonable overhead as well as external expenses made in the course of the development activities.

Association's development projects include obtaining accreditations for new certification services that the management see are in demand on the markets as well as the implementation of new systems and tools that will significantly improve both the service delivery and back-office processes in the organisation.

## 7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment EUR
Cost beginning of year	67,550
Additions	25,204
Disposals	(14,053)
<b>Cost end of year</b>	<b>78,701</b>
Depreciation and impairment losses beginning of year	(50,476)
Depreciation for the year	(13,656)
Reversal regarding disposals	14,053
<b>Depreciation and impairment losses end of year</b>	<b>(50,079)</b>
<b>Carrying amount end of year</b>	<b>28,622</b>

## 8 Financial assets

	Investments in group enterprises EUR	Receivables from group enterprises EUR	Other investments EUR	Deposits EUR
Cost beginning of year	868,844	1,181,450	27,093	17,323
Exchange rate adjustments	(1,290)	0	0	0
Transfers	(32,833)	0	0	0
Additions	0	0	0	294
Disposals	0	(269,579)	(27,093)	(7,952)
<b>Cost end of year</b>	<b>834,721</b>	<b>911,871</b>	<b>0</b>	<b>9,665</b>
Revaluations beginning of year	4,897,072	0	1,090	0
Exchange rate adjustments	(114,807)	0	0	0
Transfers	32,833	0	0	0
Amortisation of goodwill	(272,580)	0	0	0
Share of profit/loss for the year	1,169,464	0	0	0
Other adjustments	(36,603)	0	0	0
Reversal regarding disposals	0	0	(1,090)	0
<b>Revaluations end of year</b>	<b>5,675,379</b>	<b>0</b>	<b>0</b>	<b>0</b>
Impairment losses beginning of year	(776,583)	(103,458)	0	0
<b>Impairment losses end of year</b>	<b>(776,583)</b>	<b>(103,458)</b>	<b>0</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>5,733,517</b>	<b>808,413</b>	<b>0</b>	<b>9,665</b>

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

## 9 Prepayments

Prepayments consists of expenses that have been paid but relate to a future fiscal year.

## 10 Provisions for investments in group enterprises

Provisions for investments in group enterprises is due to a negative equity in one of the subsidiary.

## 11 Non-current liabilities other than provisions

	Due within 12 months 2020 EUR	Due within 12 months 2019 EUR	Due after more than 12 months 2020 EUR
Payables to group enterprises	0	0	73,998
Other payables	1,107,642	991,894	1,973,376
	<b>1,107,642</b>	<b>991,894</b>	<b>2,047,374</b>

## 12 Contingent liabilities

The organisation have a lease and rental liability of EUR 6,100.

### **13 Assets charged and collateral**

NEPCon F.M.B.A. has as security for bank debt and agreed overdraft facility, charged its trade receivables.

NEPCon F.M.B.A. has provided a self-declaration guarantee of EUR 1 million to Nordea on behalf of the subsidiary, NEPCon Certificering ApS, as the collateral for bank debt established.

# Accounting policies

## Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year. However with exception of treatment of investments in group enterprises, where reclassifications has been made to comparison figures, such investments in group enterprises are presented in accordance with the policies applied for the year. Reclassification made to comparison figures does not pose effect on the financial result in prior year or current year.

## Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

## Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are regarded as associates.

## Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in Management's

proposal for the distribution of net profit/loss and equity, respectively.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

## **Income statement**

### **Revenue**

Revenue from the sale of certification is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

### **Other operating income**

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

### **Other external expenses**

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

### **Property costs**

Property costs include costs incurred to operate the Entity's properties in the financial year, including repair and maintenance costs, property tax and electricity, water and heating, which are not charged directly from the lessee.

### **Staff costs**

Staff costs comprise wages and salaries, and social security contributions, pension contributions, etc. for entity staff.

### **Depreciation, amortisation and impairment losses**

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

### **Other operating expenses**

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities.

### **Income from investments in group enterprises**

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

### **Other financial income**

Other financial income comprises dividends etc. received on other investments, interest income, including

interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

#### **Other financial expenses**

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

#### **Tax on profit/loss for the year**

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

### **Balance sheet**

#### **Goodwill**

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For one amount of goodwill, it has not been possible to estimate useful life reliably, for which reason such useful life has been set at 10 years. For other amounts of goodwill, useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 10 years. Goodwill is written down to the lower of recoverable amount and carrying amount.

In the group financial statements, goodwill is recognized as a separate line item, while in the parent financial statement goodwill is recognized as part of the re-evaluation of investments in group enterprises.

#### **Intellectual property rights etc.**

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation on property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 5 years.

### **Property, plant and equipment**

Land and buildings, plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-5 years
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For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

### **Investments in group enterprises**

In the parent financial statements, investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits and losses. Refer to the above section on business combinations for more details about the accounting policies used on acquisitions of investments in group enterprises.

Group enterprises with negative equity value are measured at EUR 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

### **Receivables**

Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

### **Other investments**

Other investments comprise listed securities which are measured at fair value (market price) at the balance sheet date, and unlisted equity investments measured at the lower of cost and net realisable value.

### **Contract work in progress**

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the



individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a contract in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts, and finance costs are recognised in the income statement as incurred.

#### **Deferred tax**

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

#### **Tax payable or receivable**

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

#### **Prepayments**

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

#### **Cash**

Cash comprises cash in hand and bank deposits.

#### **Provisions**

Other provisions comprise provision to support subsidiaries.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

#### **Operating leases**

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

#### **Other financial liabilities**

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

**Prepayments received from customers**

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

**Cash flow statement**

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, inception of finance leases, repayments of interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.