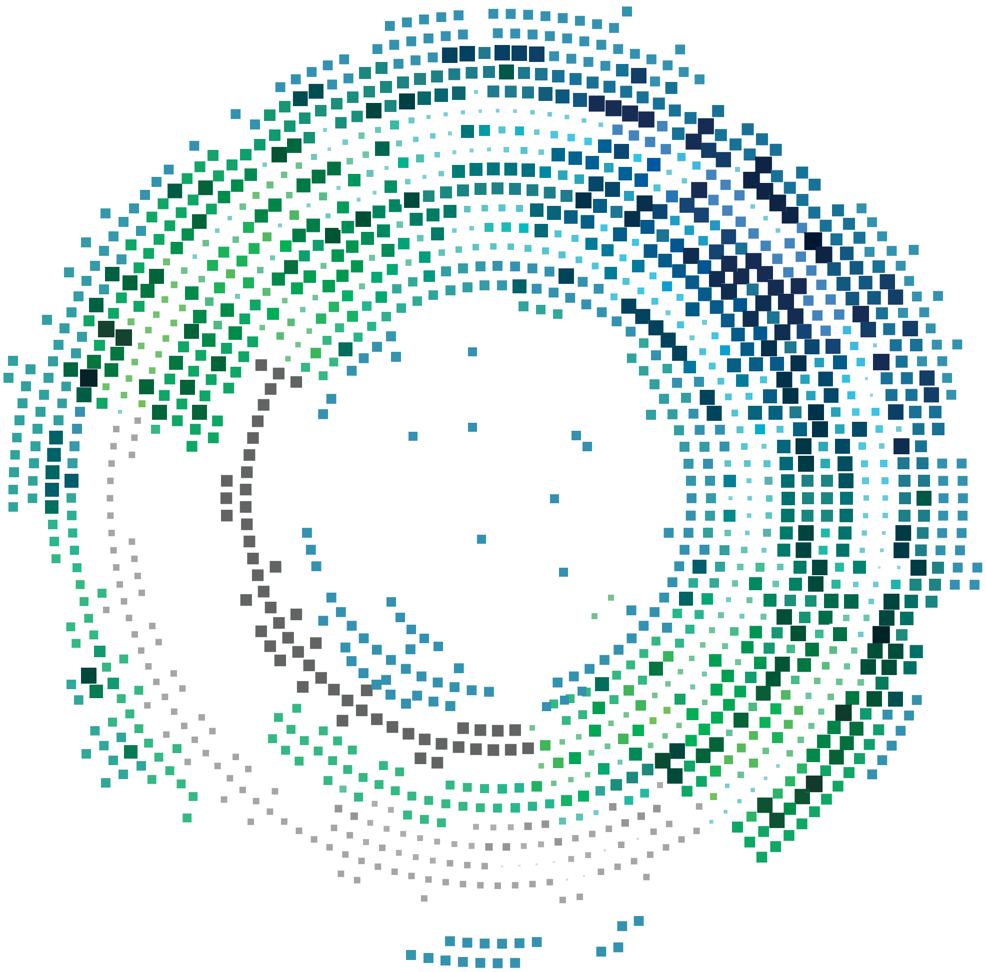
Deloitte.



Preferred by Nature

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

Annual report 2021

The Annual General Meeting adopted the annual report on 25.05.2022

Jan Peter Feil
Chairman of the General Meeting

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Entity details

Entity

Preferred by Nature
Skindergade 23, 3.
1159 København K

Business Registration No.: 18044633
Registered office: København
Financial year: 01.01.2021 - 31.12.2021

Board of Directors

Nicolai Andreas Clausen, Chairman
Peter Michael Buron, Vice chairman
Jacob Andersen Sterling
Ida Theilade
Tasso Rezende De Azevedo
Saúl Antonio Blanco Sosa
Catur Utami Dewi
Aneeka Malik

Executive Board

Peter Feilberg
Jonathan Lee Jickling
Hando Hain

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 Preferred by Nature for the financial year 01.01.2021 - 31.12.2021.

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 31.12.2021 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2021 - 31.12.2021.

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, 25.05.2022

Executive Board

Peter Feilberg

Jonathan Lee Jickling

Hando Hain

Board of Directors

Nicolai Andreas Clausen
Chairman

Peter Michael Buron
Vice chairman

Jacob Andersen Sterling

Ida Theilade

Tasso Rezende De Azevedo

Saúl Antonio Blanco Sosa

Catur Utami Dewi

Aneeka Malik

Independent auditor's report

To the shareholders of Preferred by Nature

Opinion

We have audited the consolidated financial statements and the parent financial statements of Preferred by Nature for the financial year 01.01.2021 - 31.12.2021, 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 31.12.2021 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2021 - 31.12.2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the 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 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 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, 25.05.2022

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Susanne Arnfred Møller
State Authorised Public Accountant
Identification No (MNE) mne24625

Management commentary

Financial highlights

	2021 EUR'000	2020 EUR'000	2019 EUR'000	2018 EUR'000
Key figures				
Revenue	21,016	20,435	19,946	10,724
Gross profit/loss	11,910	11,032	10,187	6,547
Operating profit/loss	1,379	1,248	273	954
Net financials	(21)	(364)	(456)	(78)
Profit/loss for the year	1,159	583	(183)	876
Balance sheet total	11,056	10,771	10,832	10,029
Investments in property, plant and equipment	71	25	135	0
Equity	4,142	2,980	2,536	2,720
Cash flows from operating activities	1,865	757	417	4,095
Cash flows from investing activities	(328)	(117)	(335)	(3,438)
Cash flows from financing activities	(1,279)	1,331	0	0
Ratios				
Gross margin (%)	56.67	53.99	51.07	61.05
Net margin (%)	5.51	2.85	(0.92)	8.17
Equity ratio (%)	37.46	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 (%):
Gross profit/loss * 100
Revenue

Net margin (%):
Profit/loss for the year * 100
Revenue

Equity ratio (%):
Equity * 100
Balance sheet total

Primary activities

Preferred by Nature, is a Denmark-registered, non-profit membership organization with 27 affiliated legal entities, working with farmers, foresters, businesses, NGOs and governments to support better land management and business practices that benefit people, nature and the climate in more than 100 countries. For twenty-five years, it was known as NEPCon in the sustainability sector, however, in 2020, its tagline – 'Preferred by Nature' – became its brand name (the legal registered name remained NEPCon F.M.B.A.).

Development in activities and finances

Countries that are impacted by the Ukraine/ Russia war the most are Russia, Ukraine, and Belarus and they are the important markets. Therefore, we are reviewing potential impacts on Preferred by Nature operations as general. Impact that we have currently calculated based on reviews locally in the countries is 372k EUR reduction in our net result (number considers also savings on costs of jobs). For Russia, we go on with auditing where it is allowed, and based on customers' requirements, we completely stop using external consultants, which for now provides enough workload for staff. The situation with the audit plan is closely monitored so the next saving actions are considered with the decreased workload. For Belarus, we have budgeted no revenues in 2022, however, we have already earned 80k EUR of revenues. Belarus staff now is integrated into work for other legal entities, like RRA reviews and others. For Ukraine, there are still some audit activities going on, but we have decreased revenue projection and we do not do any additional actions in Ukraine for now.

For the development in finance of Preferred by Nature, the main areas of focus in the upcoming periods will be transfer pricing policy update, continuous systems integration (still countries remaining with necessary Financial Force implementation), and continuing of improving our internal reporting system. The transfer pricing policy is under review with the Deloitte transfer pricing team in order to comply with OECD regulations and arm's length principles. We have developed internal financial reports for managers and staff to review their performance and engagement in terms of time, money, and other relevant KPIs. It is still an ongoing process and is improved day by day then will be introduced to users for their frequent management and monitoring.

Profit/loss for the year in relation to expected developments

Profit for the year amounts to t.EUR 1.159 and equity on 31 December 2021 totals t.EUR 4.142 The result for the year is satisfactory.

Uncertainty relating to recognition and measurement

Despite the world has been recovering from COVID-19, travel possibilities and options to provide services did not become available evenly. That caused challenges for resource planning and our financial results. Following general trends, some of the markets (Denmark, Poland) had lost several specialists. That led to capacity issues and additional constraints, complications to provide services to customers, and additional resources to solve this situation. An additional issue was a change of rules for RA certification. New rules brought unclarity about customer portfolio and revenues as well as needed resources to complete the job. Agricultural certification services form 20% of our total revenues therefore this uncertainty had a significant impact on our activities.

Outlook

2021 was a recovery year after the pandemic of COVID-19 in 2020. Many of the challenges in the middle of 2020 seem to simply be delays in the work, which saw a significant catch up in Q4 2020 and into 2021. While there were initial concerns about the impact of the pandemic on client retention it turned out that both systems and clients managed to adapt rapidly to the dynamic situation. For some expense categories that we cut in 2020 such as staff salary increase, travel and other costs, we restored them in 2021, the development week (for all staff, typically every 2 years) will happen again in 2022. Through a significant restructuring of our organization in 2020 and 2021, focusing to develop and expand our business 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 and growth with more services and clients worldwide and we expect to continue into 2022.

Knowledge resources

Our 250 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 in 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 Preferred by Nature has committed to offsetting carbon emissions generated through business operations. We have calculated the number of carbon emissions in 2018, 2019, 2020 and are finalizing 2021. 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 calculatis.

Research and development activities

As stated above a key part of what Preferred by Nature does is 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.

Consolidated income statement for 2021

	Notes	2021 EUR	2020 EUR
Revenue		21,016,285	20,434,839
Other operating income		213,746	534,538
Other external expenses		(9,153,674)	(9,866,956)
Property costs		(166,443)	(70,891)
Gross profit/loss		**11,909,914**	**11,031,530**
Staff costs	1	(10,061,119)	(9,197,434)
Depreciation, amortisation and impairment losses		(470,001)	(561,536)
Other operating expenses		0	(24,946)
Operating profit/loss		**1,378,794**	**1,247,614**
Other financial income		987,519	598,103
Other financial expenses		(1,008,078)	(962,191)
Profit/loss before tax		**1,358,235**	**883,526**
Tax on profit/loss for the year	2	(199,477)	(300,413)
Profit/loss for the year	3	**1,158,758**	**583,113**

Consolidated balance sheet at 31.12.2021

Assets

	Notes	2021 EUR	2020 EUR
Completed development projects	5	428,228	385,554
Goodwill		2,224,275	2,556,497
Development projects in progress	5	171,393	114,842
Intangible assets	4	**2,823,896**	**3,056,893**
Land and buildings		1,725	2,155
Other fixtures and fittings, tools and equipment		233,438	184,262
Property, plant and equipment	6	**235,163**	**186,417**
Deposits		36,378	39,745
Financial assets	7	**36,378**	**39,745**
Fixed assets		**3,095,437**	**3,283,055**
Trade receivables		2,962,146	2,520,586
Contract work in progress		49,313	409,238
Deferred tax	8	107,547	58,424
Other receivables		247,079	214,270
Tax receivable		20,774	19,849
Prepayments	9	569,809	429,074
Receivables		**3,956,668**	**3,651,441**
Cash		**4,003,781**	**3,836,884**
Current assets		**7,960,449**	**7,488,325**
Assets		**11,055,886**	**10,771,380**

Equity and liabilities

	Notes	2021 EUR	2020 EUR
Contributed capital		512	512
Translation reserve		(135,837)	(139,049)
Reserve for development costs		171,393	499,745
Retained earnings		4,105,771	2,618,661
Equity		**4,141,839**	**2,979,869**
Other payables	10	805,369	2,021,495
Non-current liabilities other than provisions	11	**805,369**	**2,021,495**
Current portion of non-current liabilities other than provisions	11	2,838,302	2,889,071
Bank loans		19,123	109,919
Prepayments received from customers		935,853	545,713
Contract work in progress		1,064,591	1,252,819
Trade payables		1,135,491	953,140
Other payables		115,318	19,354
Current liabilities other than provisions		**6,108,678**	**5,770,016**
Liabilities other than provisions		**6,914,047**	**7,791,511**
Equity and liabilities		**11,055,886**	**10,771,380**
Assets charged and collateral	13		
Subsidiaries	14		

Consolidated statement of changes in equity for 2021

	Contributed capital EUR	Translation reserve EUR	Reserve for development costs EUR	Retained earnings EUR	Total EUR
Equity beginning of year	512	(139,049)	499,745	2,618,661	2,979,869
Exchange rate adjustments	0	3,212	0	0	3,212
Transfer to reserves	0	0	(328,352)	328,352	0
Profit/loss for the year	0	0	0	1,158,758	1,158,758
Equity end of year	**512**	**(135,837)**	**171,393**	**4,105,771**	**4,141,839**

Consolidated cash flow statement for 2021

	Notes	2021 EUR	2020 EUR
Operating profit/loss		1,378,794	1,247,614
Amortisation, depreciation and impairment losses		470,001	561,536
Working capital changes	12	(7,095)	(388,172)
Cash flow from ordinary operating activities		**1,841,700**	**1,420,978**
Financial income received		990,731	598,103
Financial expenses paid		(1,008,078)	(962,191)
Taxes refunded/(paid)		40,623	(300,386)
Cash flows from operating activities		**1,864,976**	**756,504**
Acquisition etc. of intangible assets		(256,734)	(483,135)
Acquisition etc. of property, plant and equipment		(71,133)	(25,204)
Sale of fixed asset investments		0	391,345
Cash flows from investing activities		**(327,867)**	**(116,994)**
Free cash flows generated from operations and investments before financing		**1,537,109**	**639,510**
Repayments of loans etc.		(1,279,417)	1,331,064
Cash flows from financing activities		**(1,279,417)**	**1,331,064**
Increase/decrease in cash and cash equivalents		**257,692**	**1,970,574**
Cash and cash equivalents beginning of year		3,726,966	1,756,392
Cash and cash equivalents end of year		**3,984,658**	**3,726,966**
Cash and cash equivalents at year-end are composed of:			
Cash		4,003,781	3,836,884
Short-term bank loans		(19,123)	(109,919)
Cash and cash equivalents end of year		**3,984,658**	**3,726,965**

Notes to consolidated financial statements

1 Staff costs

	2021 EUR	2020 EUR
Wages and salaries	8,066,728	7,349,070
Pension costs	129,381	143,101
Other social security costs	994,890	869,544
Other staff costs	870,120	835,719
	10,061,119	**9,197,434**

Number of employees at balance sheet date	**250**	**236**

	Remuneration of manage-ment 2021 EUR	Remuneration of manage-ment 2020 EUR
Executive Board	326,519	302,227
Board of Directors	6,724	6,719
	333,243	**308,946**

2 Tax on profit/loss for the year

	2021 EUR	2020 EUR
Current tax	188,499	241,989
Change in deferred tax	10,978	58,424
	199,477	**300,413**

3 Proposed distribution of profit/loss

	2021 EUR	2020 EUR
Retained earnings	1,158,758	583,113
	1,158,758	**583,113**

4 Intangible assets

	Completed development projects EUR	Goodwill EUR	Development projects in progress EUR
Cost beginning of year	1,235,444	3,330,481	114,842
Additions	200,183	0	187,260
Disposals	0	0	(130,709)
Cost end of year	**1,435,627**	**3,330,481**	**171,393**
Amortisation and impairment losses beginning of year	(849,891)	(773,984)	0
Exchange rate adjustments	(42,116)	0	0
Amortisation for the year	(115,392)	(332,222)	0
Amortisation and impairment losses end of year	**(1,007,399)**	**(1,106,206)**	**0**
Carrying amount end of year	**428,228**	**2,224,275**	**171,393**

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

	Land and buildings EUR	Other fixtures and fittings, tools and equipment EUR
Cost beginning of year	2,875	422,084
Additions	0	71,133
Cost end of year	**2,875**	**493,217**
Depreciation and impairment losses beginning of year	(720)	(237,822)
Depreciation for the year	(430)	(21,957)
Depreciation and impairment losses end of year	**(1,150)**	**(259,779)**
Carrying amount end of year	**1,725**	**233,438**

7 Financial assets

	Deposits EUR
Cost beginning of year	39,745
Disposals	(3,367)
Cost end of year	**36,378**
Carrying amount end of year	**36,378**

8 Deferred tax

Changes during the year	2020 EUR
Recognised in the income statement	58,424
End of year	**58,424**

Deferred tax assets
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

	2021 EUR	2020 EUR
Holiday pay obligation	0	78,274
	0	**78,274**

11 Non-current liabilities other than provisions

	Due within 12 months 2021 EUR	Due within 12 months 2020 EUR	Due after more than 12 months 2021 EUR
Other payables	2,838,302	2,889,071	805,369
	2,838,302	**2,889,071**	**805,369**

12 Changes in working capital

	2021 EUR	2020 EUR
Increase/decrease in receivables	(501,337)	1,305,209
Increase/decrease in trade payables etc.	401,953	(1,691,988)
Other changes	92,289	(1,393)
	(7,095)	**(388,172)**

13 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.

14 Subsidiaries

	Registered in	Corporate form	Ownership %
NEPCon SIA	Latvia	SIA	100.00
NEPCon OU	Estonia	OU	100.00
NEPCon SP z o.o.	Poland	Z o.o.	100.00
NEPCon OOO	Russia	OOO	100.00
NEPCon LT UAB	Lithuania	UAB	100.00
NEPCon Cote D'Ivoire	Cote D'Ivoire	NCCI	100.00
NEPCon UK Ltd.	United Kingdom	Ltd.	100.00
NEPCon Spain S.L	Spain	S.L	100.00
Natur, Ecology & People Consult Sweden AB	Sweden	AB	100.00
NEPCon Bulgaria EOOF	Bulgaria	EOOD	100.00
NEPCon Group s.r.o	Czech Republic	s.r.o	100.00
NEPCon Certificering ApS	Denmark	ApS	100.00
Natur, Ecology & People Consult Sdn Bhd	Malaysia	Sdn Bhd	100.00
NEPCon Vietnam Ltd.	Vietnam	Ltd.	100.00
NEPCon (Beijing) Technical Promotion co. Ltd.	China	Ltd.	100.00
NEPCon Canada Inc.	Canada	Inc.	100.00
PT Nature Economy and People Connected	Indonesia	PT	80.00
NEPCon Bolivia S.R.L	Bolivia	S.R.L	80.00
NEPCon Costa Rica S.A	Costa Rica	S.A.	80.00
Nature Economy People Connected (NEPCon)	Ghana	N/A	100.00
NEPCon Guatemala Certifications Limitada	Guatemala	Limitada	90.00
NEPCon Kenya Limited,	Kenya	Limited	80.00
NEPCon Mexico A.C	Mexico	A.C.	100.00
NEPCon Peru S.A.C.	Peru	S.A.C	80.00
NEPCon LLC	USA	LLC.	100.00
NEPCon India Prvate Limitied	India	NCIN	99.90

Parent income statement for 2021

	Notes	2021 EUR	2020 EUR
Revenue		10,313,420	9,715,300
Other external expenses		(7,651,097)	(8,833,882)
Property costs		(166,442)	(70,891)
Gross profit/loss		**2,495,881**	**810,527**
Staff costs	1	(1,086,674)	(1,080,789)
Depreciation, amortisation and impairment losses		(137,349)	(104,643)
Operating profit/loss		**1,271,858**	**(374,905)**
Income from investments in group enterprises		(451,596)	896,885
Other financial income	2	584,525	295,678
Other financial expenses		(246,029)	(234,545)
Profit/loss for the year	3	**1,158,758**	**583,113**

Parent balance sheet at 31.12.2021

Assets

	Notes	2021 EUR	2020 EUR
Completed development projects	5	427,321	384,224
Development projects in progress	5	171,393	114,842
Intangible assets	4	**598,714**	**499,066**
Other fixtures and fittings, tools and equipment		47,675	28,622
Property, plant and equipment	6	**47,675**	**28,622**
Investments in group enterprises		5,397,717	5,733,517
Receivables from group enterprises		1,004,964	808,413
Deposits		9,727	9,665
Financial assets	7	**6,412,408**	**6,551,595**
Fixed assets		**7,058,797**	**7,079,283**
Trade receivables		988,669	841,453
Contract work in progress		49,313	409,238
Receivables from group enterprises		736,323	999,469
Other receivables		32,605	15,460
Prepayments	8	137,683	139,980
Receivables		**1,944,593**	**2,405,600**
Cash		**885,849**	**516,769**
Current assets		**2,830,442**	**2,922,369**
Assets		**9,889,239**	**10,001,652**

Equity and liabilities

	Notes	2021 EUR	2020 EUR
Contributed capital		512	512
Translation reserve		(135,837)	(139,495)
Reserve for net revaluation according to equity method		4,224,703	3,565,133
Reserve for development costs		171,393	499,066
Retained earnings		(118,933)	(945,347)
Equity		**4,141,838**	**2,979,869**
Provisions for investments in group enterprises	9	0	151,241
Provisions		**0**	**151,241**
Payables to group enterprises		192,561	73,998
Other payables		805,369	1,973,376
Non-current liabilities other than provisions	10	**997,930**	**2,047,374**
Current portion of non-current liabilities other than provisions	10	1,276,432	1,107,642
Bank loans		20,324	114,487
Contract work in progress		517,030	540,017
Trade payables		291,957	139,299
Payables to group enterprises		2,620,347	2,921,723
Other payables		23,381	0
Current liabilities other than provisions		**4,749,471**	**4,823,168**
Liabilities other than provisions		**5,747,401**	**6,870,542**
Equity and liabilities		**9,889,239**	**10,001,652**
Contingent liabilities	11		
Assets charged and collateral	12		

Parent statement of changes in equity for 2021

	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	(139,049)	3,565,132	499,066	(945,793)
Exchange rate adjustments	0	3,212	0	0	0
Transfer to reserves	0	0	0	(327,673)	327,673
Profit/loss for the year	0	0	659,571	0	499,187
Equity end of year	**512**	**(135,837)**	**4,224,703**	**171,393**	**(118,933)**

	Total EUR
Equity beginning of year	2,979,868
Exchange rate adjustments	3,212
Transfer to reserves	0
Profit/loss for the year	1,158,758
Equity end of year	**4,141,838**

Notes to parent financial statements

1 Staff costs

	2021 EUR	2020 EUR
Wages and salaries	938,532	947,694
Pension costs	8,103	8,423
Other social security costs	84,621	70,239
Other staff costs	55,418	54,433
	1,086,674	**1,080,789**

Number of employees at balance sheet date	**13**	**12**

	Remuneration of Management 2021 EUR	Remuneration of Management 2020 EUR
Executive Board	326,519	302,227
Board of Directors	6,724	6,719
	333,243	**308,946**

2 Other financial income

	2021 EUR	2020 EUR
Financial income from group enterprises	57,019	117,387
Other interest income	527,506	178,291
	584,525	**295,678**

3 Proposed distribution of profit and loss

	2021 EUR	2020 EUR
Retained earnings	1,158,758	583,113
	1,158,758	**583,113**

4 Intangible assets

	Completed development projects EUR	Development projects in progress EUR
Cost beginning of year	1,232,268	114,842
Transfers	(27,789)	0
Additions	200,183	187,260
Disposals	0	(130,709)
Cost end of year	**1,404,662**	**171,393**
Amortisation and impairment losses beginning of year	(848,054)	0
Transfers	(13,895)	0
Amortisation for the year	(115,392)	0
Amortisation and impairment losses end of year	**(977,341)**	**0**
Carrying amount end of year	**427,321**	**171,393**

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

	Other fixtures and fittings, tools and equipment EUR
Cost beginning of year	78,701
Additions	41,009
Cost end of year	**119,710**
Depreciation and impairment losses beginning of year	(50,078)
Depreciation for the year	(21,957)
Depreciation and impairment losses end of year	**(72,035)**
Carrying amount end of year	**47,675**

7 Financial assets

	Investments in group enterprises EUR	Receivables from group enterprises EUR	Deposits EUR
Cost beginning of year	834,722	911,871	9,665
Exchange rate adjustments	69,646	0	0
Transfers	(46,662)	0	0
Additions	564,698	286,551	62
Disposals	(249,390)	0	0
Cost end of year	**1,173,014**	**1,198,422**	**9,727**
Revaluations beginning of year	5,766,576	0	0
Exchange rate adjustments	(153,969)	0	0
Transfers	(277,623)	0	0
Amortisation of goodwill	(258,683)	0	0
Share of profit/loss for the year	449,394	0	0
Dividend	(797,282)	0	0
Other adjustments	272,873	0	0
Revaluations end of year	**5,001,286**	**0**	**0**
Impairment losses beginning of year	(776,583)	(193,458)	0
Impairment losses end of year	**(776,583)**	**(193,458)**	**0**
Carrying amount end of year	**5,397,717**	**1,004,964**	**9,727**

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

8 Prepayments

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

9 Provisions for investments in group enterprises

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

10 Non-current liabilities other than provisions

	Due within 12 months 2021 EUR	Due within 12 months 2020 EUR	Due after more than 12 months 2021 EUR
Payables to group enterprises	0	0	192,561
Other payables	1,276,432	1,107,642	805,369
	1,276,432	**1,107,642**	**997,930**

11 Contingent liabilities

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

12 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.

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 acquisition 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 in the 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.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

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

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.

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 in 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.

Other 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.

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 financial income, financial expenses and income tax 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.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, repayments of interest-bearing debt, including lease liabilities, 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.