



## Preferred by Nature

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

## Annual report 2024

The Annual General Meeting adopted the  
annual report on 27.05.2025

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**Saúl Antonio Blanco Sosa**  
Chairman of the General Meeting

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# Entity details

## Entity

Preferred by Nature  
Skindergade 23, 3. th  
1159 København K

Business Registration No.: 18044633  
Registered office: København  
Financial year: 01.01.2024 - 31.12.2024

## Board of Directors

Nicolai Andreas Clausen  
Ida Theilade  
Leif Peter Christensen  
Catur Utami Dewi  
Maiprae Srisai Loyen  
Amparo Cheung Aswin  
Saúl Antonio Blanco Sosa  
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 01.01.2024 - 31.12.2024.

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 31.12.2024 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2024 - 31.12.2024.

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, 10.05.2025

## Executive Board

**Peter Feilberg**

**Jonathan Lee Jickling**

**Hando Hain**

## Board of Directors

**Nicolai Andreas Clausen**

**Ida Theilade**

**Leif Peter Christensen**

**Catur Utami Dewi**

**Maiprae Srisai Loyen**

**Amparo Cheung Aswin**

**Saúl Antonio Blanco Sosa**

**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 01.01.2024 - 31.12.2024, 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 31.12.2024 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2024 - 31.12.2024 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements and the parent financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 by relevant law and regulations.

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 in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Copenhagen, 10.05.2025

#### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

#### **Susanne Arnfred Møller**

State Authorised Public Accountant  
Identification No (MNE) mne24625

# Management commentary

## Financial highlights

	2024	2023	2022	2021	2020
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
<b>Key figures</b>					
Revenue	33,804	28,506	25,684	21,016	20,435
Gross profit/loss	17,992	13,766	13,498	11,910	11,032
Operating profit/loss	3,029	(208)	198	1,379	1,248
Net financials	(156)	(543)	(3)	(20)	(364)
Profit/loss for the year	2,598	(845)	(79)	1,159	583
Profit for the year excl. minority interests				1,159	0
Balance sheet total	14,214	14,377	11,696	10,645	10,771
Investments in property, plant and equipment	162	189	182	71	25
Equity	5,580	3,046	4,065	4,142	2,980
Equity excl. minority interests				4,142	0
Cash flows from operating activities	1,265	2,352	(70)	1,865	757
Cash flows from investing activities	(429)	(709)	(640)	(328)	(117)
Cash flows from financing activities	(1,083)	(120)	345	(1,260)	1,331
<b>Ratios</b>					
Gross margin (%)	53.22	48.29	52.55	56.67	53.99
Net margin (%)	7.69	(2.96)	(0.31)	5.51	2.85
Return on equity (%)	60.76	(23.77)	(1.93)	32.55	21.14
Equity Ratio (%)	39.51	21.19	34.76	38.91	27.67

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

### Gross margin (%):

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

Revenue

### Net margin (%):

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

Revenue

**Return on equity (%):**

Profit/loss for the year \* 100

Average equity

**Equity ratio (%):**

Equity \* 100

Balance sheet total

### Primary activities

Preferred by Nature is a Denmark-registered, non-profit membership organization with 28 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 legally registered name remained NEPCon F.M.B.A.).

### Development in activities and finances

For the development in the finance of Preferred by Nature, the main areas of focus in the upcoming periods will be continuous systems integration, strengthening the financial support and analysis, optimizing staff capacity and encouraging staff development, and continuing to improve our internal reporting system. The transfer pricing policy was decided and fully applied in 2023, and we continue to improve our reporting and analysis to ensure that we comply with the arm’s length principle and tax regulations. We have developed internal financial reports for managers and staff to review their performance and engagement regarding time, money, and other relevant KPIs. We also designed the performance matrix for the whole organization as well as for each division to monitor our financial health better and take necessary action on time. It is still an ongoing process, improved daily, and was introduced to users for frequent management and monitoring.

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

Profit for the year amounts to t.EUR 2.598 and equity on 31 December 2024 total t.EUR 5.580. The result for the year is beyond expectations. The actual revenue meets the forecast, increasing by nearly 20% compared to the previous year. Besides that, operational and development costs are below the forecast by nearly t.EUR 1.000. This result came from the management team’s close monitoring of our operation and quick action to restructure the organization and increase working efficiency. This achievement stems from the dedicated contributions of all our staff, enabling us to deliver a wider range of services to an increasing number of clients across all regions. It is the result of strategic investments made in previous years, where we recruited and trained additional personnel. These efforts have prepared our team to explore new opportunities for the organisation and provide innovative services to our clients. Our internal operating system, business intelligence, and human resources are being strengthened to support the whole organization in working more effectively.

### Using Surplus for Mission Support

As a non-profit in Denmark, Preferred by Nature reinvests any extra earnings from our commercial activities into our mission. We focus on assisting smallholders, cooperatives, and family businesses in getting certified when they can’t afford it; creating projects that aid sustainable development and making them openly available; co-financing for our project mission; and offering financial help for training to those who need it, like NGO workers and students. We estimate the total amount we spent in 2024 is t.EUR 454.

### Uncertainty relating to recognition and measurement

The change of rules of the RA scheme had some impacts on us as we saw clients have started moving away from the certification scheme, so the Agriculture certification side of our business is less predictable for the future. We are increasing the proportion of other services, so our service portfolio is more balanced to mitigate risks. We plan to apply for more and bigger projects in several strategic countries and regions to have a greater impact on the sustainability sector. Some projects require co-financing from Preferred by Nature, so we need a good plan for the project financing. The sustainability advisory division sees many opportunities with a high growth rate and expands quickly in the service range we can provide to our clients. With the possible high tariff and unpredictable policies of the US and the potential for a trade war, which can impact the global economy, disrupt the supply chain, and shift market access, we follow the situation closely to assess how it will affect our client’s operations so we can adapt ourselves and make decisions on time.

## Outlook

We feel we are well-positioned for the future through significant restructuring of our organization in 2023-2024, focusing on developing and expanding our business, coupled with the proactive management of expenses. Our key services were quickly recovered after COVID-19 and continue to grow with more services provided and more clients worldwide. We are taking many actions to monitor the financial performance better, optimize our staff capacity with better staff planning, promote the organization's image and reputation, and increase sales.

## Knowledge resources

Our 337 staff and long-term consultants globally remain one of our most significant assets. Many of our staff and consultants are respected members in their fields and regions. One key area of our value proposition focuses on the quality of services that Preferred by Nature brings to clients and the schemes we engage in overall. The key to this differentiating point lies with the skills and qualifications of our staff and consultants.

## Environmental performance

Key detailed figures can be found in our 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 from 2018-2024. 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. We commit to allocate t.EUR 190,7 from our Equity for the carbon offset reserve. We have started our 8-year project to restore 100 ha of degraded secondary forest within the Silam Coast Conservation Area through reforestation. We spent t.EUR 96,9 for this project in 2024. The remaining balance of t.EUR 93,8 for the carbon offset reserve will be used in the upcoming years

## Research and development activities

As stated above, a key part of Preferred by Nature is engaging in certifications schemes. We are often the first Certification Body to provide a service - something that standard owners value to test and ensure good quality before launching something bigger. Many of our development activities surround this concept: to help develop a new standard and, thus, the service. Often, we are the first to offer new services in the market, which gives a competitive edge - adding to our already strong offerings.

# Consolidated income statement for 2024

	Notes	2024 EUR	2023 EUR
Revenue		33,803,712	28,505,688
Own work capitalised		404,292	406,505
Other operating income		265,893	246,792
Other external expenses		(16,106,100)	(15,050,105)
Property costs		(351,120)	(342,881)
<b>Gross profit/loss</b>		<b>18,016,677</b>	<b>13,765,999</b>
Staff costs	1	(14,399,366)	(13,338,567)
Depreciation, amortisation and impairment losses		(587,932)	(635,881)
<b>Operating profit/loss</b>		<b>3,029,379</b>	<b>(208,449)</b>
Other financial income		234,305	286,374
Other financial expenses		(390,016)	(828,908)
<b>Profit/loss before tax</b>		<b>2,873,668</b>	<b>(750,983)</b>
Tax on profit/loss for the year	2	(275,192)	(94,450)
<b>Profit/loss for the year</b>	3	<b>2,598,476</b>	<b>(845,433)</b>

# Consolidated balance sheet at 31.12.2024

## Assets

	Notes	2024 EUR	2023 EUR
Completed development projects	5	642,205	427,529
Goodwill		1,032,172	1,286,991
Development projects in progress	5	845,891	822,657
<b>Intangible assets</b>	4	<b>2,520,268</b>	<b>2,537,177</b>
Land and buildings		431	862
Other fixtures and fittings, tools and equipment		237,262	277,214
<b>Property, plant and equipment</b>	6	<b>237,693</b>	<b>278,076</b>
Deposits		38,827	32,256
<b>Financial assets</b>	7	<b>38,827</b>	<b>32,256</b>
<b>Fixed assets</b>		<b>2,796,788</b>	<b>2,847,509</b>
Trade receivables		4,316,965	4,141,338
Contract work in progress		1,438,351	1,175,231
Deferred tax	8	87,393	115,278
Other receivables		367,030	584,435
Tax receivable		21,705	30,615
Prepayments	9	271,926	321,278
<b>Receivables</b>		<b>6,503,370</b>	<b>6,368,175</b>
<b>Cash</b>		<b>4,914,234</b>	<b>5,161,326</b>
<b>Current assets</b>		<b>11,417,604</b>	<b>11,529,501</b>
<b>Assets</b>		<b>14,214,392</b>	<b>14,377,010</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2024 EUR</b>	<b>2023 EUR</b>
Contributed capital		512	512
Translation reserve		(368,181)	(141,099)
Reserve for development costs		1,488,096	1,250,186
Other reserves		93,783	125,560
Retained earnings		4,365,424	1,810,752
<b>Equity</b>		<b>5,579,634</b>	<b>3,045,911</b>
Other provisions	10	12,515	36,785
<b>Provisions</b>		<b>12,515</b>	<b>36,785</b>
Other payables		6,860	101,528
<b>Non-current liabilities other than provisions</b>	11	<b>6,860</b>	<b>101,528</b>
Current portion of non-current liabilities other than provisions	11	92,127	359,709
Bank loans		130,504	946,266
Contract work in progress		4,581,963	5,226,116
Trade payables		850,846	1,443,365
Other payables		1,903,227	2,071,586
Deferred income	12	1,056,716	1,145,744
<b>Current liabilities other than provisions</b>		<b>8,615,383</b>	<b>11,192,786</b>
<b>Liabilities other than provisions</b>		<b>8,622,243</b>	<b>11,294,314</b>
<b>Equity and liabilities</b>		<b>14,214,392</b>	<b>14,377,010</b>
Unrecognised rental and lease commitments	14		
Assets charged and collateral	15		
Subsidiaries	16		

# Consolidated statement of changes in equity for 2024

	Contributed capital EUR	Translation reserve EUR	Reserve for development costs EUR	Other reserves EUR	Retained earnings EUR
Equity beginning of year	512	(141,099)	1,250,186	125,560	1,810,753
Transfer to reserves	0	(227,082)	237,910	65,160	(140,742)
Profit/loss for the year	0	0	0	(96,937)	2,695,413
<b>Equity end of year</b>	<b>512</b>	<b>(368,181)</b>	<b>1,488,096</b>	<b>93,783</b>	<b>4,365,424</b>
					<b>Total EUR</b>
Equity beginning of year					3,045,912
Transfer to reserves					(64,754)
Profit/loss for the year					2,598,476
<b>Equity end of year</b>					<b>5,579,634</b>

Further, Preferred by Nature has committed to offsetting carbon emissions generated through business operations. We have calculated the number of carbon emissions from 2018-2024. 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. We commit to allocate t.EUR 190,7 from our Equity for the carbon offset. We have started our 8-year project to restore 100 ha of degraded secondary forest within the Silam Coast Conservation Area through reforestation. We spent t.EUR 96,9 for this project in 2024. The remaining balance of t.EUR 93,8 for the carbon offset will be used in the upcoming years

# Consolidated cash flow statement for 2024

	Notes	2024 EUR	2023 EUR
Operating profit/loss		3,029,379	(208,449)
Amortisation, depreciation and impairment losses		587,932	635,881
Other provisions		(24,270)	(107,362)
Working capital changes	13	(1,924,721)	2,716,645
<b>Cash flow from ordinary operating activities</b>		<b>1,668,320</b>	<b>3,036,715</b>
Financial income received		234,305	286,374
Financial expenses paid		(390,016)	(828,806)
Taxes refunded/(paid)		(247,307)	(142,479)
<b>Cash flows from operating activities</b>		<b>1,265,302</b>	<b>2,351,804</b>
Acquisition etc. of intangible assets		(427,431)	(468,093)
Acquisition etc. of property, plant and equipment		(161,685)	(188,514)
Acquisition of fixed asset investments		0	(3,927)
Sale of fixed asset investments		31,526	0
Exchange adjustments		43,465	0
Other cash flows from investing activities		85,075	(48,752)
<b>Cash flows from investing activities</b>		<b>(429,050)</b>	<b>(709,286)</b>
<b>Free cash flows generated from operations and investments before financing</b>		<b>836,252</b>	<b>1,642,518</b>
Loans raised		0	238,799
Repayments of loans etc.		(1,083,344)	(358,422)
<b>Cash flows from financing activities</b>		<b>(1,083,344)</b>	<b>(119,623)</b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>(247,092)</b>	<b>1,522,895</b>
Cash and cash equivalents beginning of year		5,161,326	3,638,431
<b>Cash and cash equivalents end of year</b>		<b>4,914,234</b>	<b>5,161,326</b>
Cash and cash equivalents at year-end are composed of:			
Cash		4,914,234	5,161,326

<b>Cash and cash equivalents end of year</b>	<b>4,914,234</b>	<b>5,161,326</b>
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# Notes to consolidated financial statements

## 1 Staff costs

	<b>2024</b>	<b>2023</b>
	<b>EUR</b>	<b>EUR</b>
Wages and salaries	12,408,779	11,561,552
Pension costs	343,753	309,877
Other social security costs	1,646,834	1,467,139
	<b>14,399,366</b>	<b>13,338,568</b>

Average number of full-time employees	<b>293</b>	<b>287</b>
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	<b>Remuneration of management 2024 EUR</b>	<b>Remuneration of management 2023 EUR</b>
Executive Board	312,999	304,557
Board of Directors	8,045	10,050
	<b>321,044</b>	<b>314,607</b>

## 2 Tax on profit/loss for the year

	<b>2024</b>	<b>2023</b>
	<b>EUR</b>	<b>EUR</b>
Current tax	247,307	112,938
Change in deferred tax	27,885	(18,488)
	<b>275,192</b>	<b>94,450</b>

## 3 Proposed distribution of profit/loss

	<b>2024</b>	<b>2023</b>
	<b>EUR</b>	<b>EUR</b>
Retained earnings	2,598,476	(845,433)
	<b>2,598,476</b>	<b>(845,433)</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	2,220,937	2,581,086	822,657
Exchange rate adjustments	789	0	23,139
Additions	404,197	0	404,292
Disposals	0	0	(404,197)
<b>Cost end of year</b>	<b>2,625,923</b>	<b>2,581,086</b>	<b>845,891</b>
Amortisation and impairment losses beginning of year	(1,793,408)	(1,294,095)	0
Exchange rate adjustments	(27,481)	3,866	0
Amortisation for the year	(162,829)	(258,685)	0
<b>Amortisation and impairment losses end of year</b>	<b>(1,983,718)</b>	<b>(1,548,914)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>642,205</b>	<b>1,032,172</b>	<b>845,891</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	740,483
Additions	0	161,639
Disposals	0	(150,176)
<b>Cost end of year</b>	<b>2,875</b>	<b>751,946</b>
Depreciation and impairment losses beginning of year	(2,013)	(463,269)
Exchange rate adjustments	0	(4,078)
Depreciation for the year	(431)	(165,987)
Reversal regarding disposals	0	118,650
<b>Depreciation and impairment losses end of year</b>	<b>(2,444)</b>	<b>(514,684)</b>
<b>Carrying amount end of year</b>	<b>431</b>	<b>237,262</b>

## 7 Financial assets

	<b>Deposits EUR</b>
Cost beginning of year	32,256
Additions	6,571
<b>Cost end of year</b>	<b>38,827</b>
<b>Carrying amount end of year</b>	<b>38,827</b>

## 8 Deferred tax

	<b>2024 EUR</b>	<b>2023 EUR</b>
<b>Changes during the year</b>		
Beginning of year	115,278	96,790
Recognised in the income statement	(27,885)	18,488
<b>End of year</b>	<b>87,393</b>	<b>115,278</b>

### 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 provisions

The other provisions is related to one of the entities in the consolidated financial statement.

A provision for retirement in NEPCon Côte d'Ivoire on 12.515 EUR.

## 11 Non-current liabilities other than provisions

	<b>Due within 12 months 2024 EUR</b>	<b>Due within 12 months 2023 EUR</b>	<b>Due after more than 12 months 2024 EUR</b>
Other payables	92,127	359,709	6,860
	<b>92,127</b>	<b>359,709</b>	<b>6,860</b>

## 12 Deferred income

Deferred income consists of income from certification, project and tailored services that relate to a future fiscal year.

## 13 Changes in working capital

	<b>2024 EUR</b>	<b>2023 EUR</b>
Increase/decrease in receivables	(163,080)	(1,212,147)
Increase/decrease in trade payables etc.	(1,761,641)	3,928,792
	<b>(1,924,721)</b>	<b>2,716,645</b>

#### 14 Unrecognised rental and lease commitments

	<b>2024</b>	<b>2023</b>
	<b>EUR</b>	<b>EUR</b>
Total liabilities under rental or lease agreements until maturity	<b>87,470</b>	75,884

#### 15 Assets charged and collateral

Preferred by Nature 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.

Preferred by Nature F.M.B.A. has provided a self-declaration guarantee of EUR 1,33 million to Nordea on behalf of the subsidiary, Preferred by Nature - Denmark ApS, as the collateral for bank debt established.

## 16 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
Nature, Ecology & People Consult Sweden AB	Sweden	AB	100.00
NEPCon Bulgaria EOOD	Bulgaria	EOOD	100.00
NEPCon Group s.r.o	Czech Republic	s.r.o	100.00
Preferred by Nature Denmark ApS (under likvidation)	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 Consult (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 Private Limited	India	NCIN	99.99
Preferred by Nature (Thailand) Company Limited	Thailand	Ltd.	100.00

\* Remainder of shares in entities not owned 100% by NEPCon F.M.B.A Is owned by NEPCon OU, resulting in a total 100% ownership of the group.

# Parent income statement for 2024

	Notes	2024 EUR	2023 EUR
Revenue		17,432,213	11,456,193
Own work capitalised		404,292	406,505
Other operating income		7,171	2,612
Other external expenses		(12,524,358)	(9,995,826)
Property costs		(151,283)	(86,781)
<b>Gross profit/loss</b>		<b>5,168,035</b>	<b>1,782,703</b>
Staff costs	1	(3,640,720)	(2,545,463)
Depreciation, amortisation and impairment losses	2	(205,855)	(169,627)
<b>Operating profit/loss</b>		<b>1,321,460</b>	<b>(932,387)</b>
Income from investments in group enterprises		1,348,134	200,266
Other financial income		115,105	137,823
Other financial expenses		(186,223)	(251,135)
<b>Profit/loss for the year</b>	3	<b>2,598,476</b>	<b>(845,433)</b>

# Parent balance sheet at 31.12.2024

## Assets

	Notes	2024 EUR	2023 EUR
Completed development projects	5	543,674	377,479
Development projects in progress	5	845,891	761,591
<b>Intangible assets</b>	4	<b>1,389,565</b>	<b>1,139,070</b>
Other fixtures and fittings, tools and equipment		63,817	75,043
<b>Property, plant and equipment</b>	6	<b>63,817</b>	<b>75,043</b>
Investments in group enterprises		5,425,704	3,321,638
Receivables from group enterprises		1,295,133	1,532,870
Deposits		20,377	10,439
<b>Financial assets</b>	7	<b>6,741,214</b>	<b>4,864,947</b>
<b>Fixed assets</b>		<b>8,194,596</b>	<b>6,079,060</b>
Trade receivables		2,308,948	1,760,710
Contract work in progress		860,118	783,312
Receivables from group enterprises		4,538,547	4,826,010
Other receivables		10,318	17,651
Prepayments	8	173,402	215,045
<b>Receivables</b>		<b>7,891,333</b>	<b>7,602,728</b>
<b>Cash</b>		<b>2,251,661</b>	<b>2,866,646</b>
<b>Current assets</b>		<b>10,142,994</b>	<b>10,469,374</b>
<b>Assets</b>		<b>18,337,590</b>	<b>16,548,434</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2024</b> <b>EUR</b>	<b>2023</b> <b>EUR</b>
Contributed capital		512	512
Translation reserve		(368,181)	(141,099)
Reserve for net revaluation according to equity method		4,939,241	3,321,638
Reserve for development costs		1,389,565	1,139,070
Other reserves		93,783	125,560
Retained earnings		(475,286)	(1,399,769)
<b>Equity</b>		<b>5,579,634</b>	<b>3,045,912</b>
Payables to group enterprises		41,320	41,320
Other payables		0	89,485
<b>Non-current liabilities other than provisions</b>	<b>9</b>	<b>41,320</b>	<b>130,805</b>
Current portion of non-current liabilities other than provisions	9	89,485	357,165
Bank loans		123,517	1,013,682
Contract work in progress		3,668,488	4,347,177
Trade payables		484,122	302,227
Payables to group enterprises		7,418,855	6,453,312
Other payables		495,903	449,909
Deferred income	10	436,266	448,245
<b>Current liabilities other than provisions</b>		<b>12,716,636</b>	<b>13,371,717</b>
<b>Liabilities other than provisions</b>		<b>12,757,956</b>	<b>13,502,522</b>
<b>Equity and liabilities</b>		<b>18,337,590</b>	<b>16,548,434</b>
Unrecognised rental and lease commitments	11		
Assets charged and collateral	12		

# Parent statement of changes in equity for 2024

	Contributed capital EUR	Translation reserve EUR	Reserve for net revaluation according to the equity method EUR	Reserve for development costs EUR	Other reserves EUR
Equity beginning of year	512	(141,099)	3,321,638	1,139,070	125,560
Transfer to reserves	0	(227,082)	13,455	250,495	65,160
Profit/loss for the year	0	0	1,604,148	0	(96,937)
<b>Equity end of year</b>	<b>512</b>	<b>(368,181)</b>	<b>4,939,241</b>	<b>1,389,565</b>	<b>93,783</b>

	Retained earnings EUR	Total EUR
Equity beginning of year	(1,399,769)	3,045,912
Transfer to reserves	(166,782)	(64,754)
Profit/loss for the year	1,091,265	2,598,476
<b>Equity end of year</b>	<b>(475,286)</b>	<b>5,579,634</b>

Further, Preferred by Nature has committed to offsetting carbon emissions generated through business operations. We have calculated the number of carbon emissions from 2018-2024. 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. We commit to allocate t.EUR 190,7 from our Equity for the carbon offset. We have started our 8-year project to restore 100 ha of degraded secondary forest within the Silam Coast Conservation Area through reforestation. We spent t.EUR 96,9 for this project in 2024. The remaining balance of t.EUR 93,8 for the carbon offset will be used in the upcoming years

# Notes to parent financial statements

## 1 Staff costs

	<b>2024</b>	<b>2023</b>
	<b>EUR</b>	<b>EUR</b>
Wages and salaries	3,182,243	2,226,037
Pension costs	162,441	110,054
Other social security costs	296,036	209,372
	<b>3,640,720</b>	<b>2,545,463</b>
Average number of full-time employees	<b>41</b>	<b>35</b>

	<b>Remuneration of Manage- ment 2024 EUR</b>	<b>Remuneration of Manage- ment 2023 EUR</b>
Executive Board	312,999	304,557
Board of Directors	8,045	10,050
	<b>321,044</b>	<b>314,607</b>

## 2 Depreciation, amortisation and impairment losses

	<b>2024</b>	<b>2023</b>
	<b>EUR</b>	<b>EUR</b>
Amortisation of intangible assets	162,829	134,996
Depreciation on property, plant and equipment	43,026	34,631
	<b>205,855</b>	<b>169,627</b>

## 3 Proposed distribution of profit and loss

	<b>2024</b>	<b>2023</b>
	<b>EUR</b>	<b>EUR</b>
Retained earnings	2,598,476	(845,433)
	<b>2,598,476</b>	<b>(845,433)</b>

#### 4 Intangible assets

	Completed development projects EUR	Development projects in progress EUR
Cost beginning of year	1,546,509	822,657
Exchange rate adjustments	0	23,139
Additions	404,197	404,292
Disposals	0	(404,197)
<b>Cost end of year</b>	<b>1,950,706</b>	<b>845,891</b>
Amortisation and impairment losses beginning of year	(1,230,096)	0
Exchange rate adjustments	(14,107)	0
Amortisation for the year	(162,829)	0
<b>Amortisation and impairment losses end of year</b>	<b>(1,407,032)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>543,674</b>	<b>845,891</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

	Other fixtures and fittings, tools and equipment EUR
Cost beginning of year	173,553
Additions	41,832
Disposals	(31,842)
<b>Cost end of year</b>	<b>183,543</b>
Depreciation and impairment losses beginning of year	(98,510)
Exchange rate adjustments	(1,941)
Depreciation for the year	(43,026)
Reversal regarding disposals	23,751
<b>Depreciation and impairment losses end of year</b>	<b>(119,726)</b>
<b>Carrying amount end of year</b>	<b>63,817</b>

## 7 Financial assets

	<b>Investments in group enterprises EUR</b>	<b>Receivables from group enterprises EUR</b>	<b>Deposits EUR</b>
Cost beginning of year	1,284,692	1,532,871	10,439
Exchange rate adjustments	(4,684)	0	0
Additions	235,303	61,823	9,938
Disposals	(252,265)	(299,561)	0
<b>Cost end of year</b>	<b>1,263,046</b>	<b>1,295,133</b>	<b>20,377</b>
Revaluations beginning of year	2,813,528	0	0
Disposals on divestments etc.	252,265	0	0
Exchange rate adjustments	(47,534)	0	0
Amortisation of goodwill	(258,685)	0	0
Share of profit/loss for the year	1,604,148	0	0
Investments with negative equity value depreciated over receivables	575,519	0	0
<b>Revaluations end of year</b>	<b>4,939,241</b>	<b>0</b>	<b>0</b>
Impairment losses beginning of year	(776,583)	0	0
<b>Impairment losses end of year</b>	<b>(776,583)</b>	<b>0</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>5,425,704</b>	<b>1,295,133</b>	<b>20,377</b>

A specification of investments in subsidiaries is evident from note 16 to the consolidated financial statements.

## 8 Prepayments

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

## 9 Non-current liabilities other than provisions

	<b>Due within 12 months 2024 EUR</b>	<b>Due within 12 months 2023 EUR</b>	<b>Due after more than 12 months 2024 EUR</b>
Payables to group enterprises	0	0	41,320
Other payables	89,485	357,165	0
	<b>89,485</b>	<b>357,165</b>	<b>41,320</b>

## 10 Deferred income

Deferred income consists of income from certification, project and tailored services that relate to a future fiscal year.

**11 Unrecognised rental and lease commitments**

	<b>2024</b>	<b>2023</b>
	<b>EUR</b>	<b>EUR</b>
Total liabilities under rental or lease agreements until maturity	<b>24,967</b>	<b>12,130</b>

**12 Assets charged and collateral**

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

Preferred by Nature F.M.B.A. has provided a self-declaration guarantee of EUR 1.33 million to Nordea on behalf of the subsidiary, Preferred by Nature - Denmark 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).

## Changes in accounting policies

The group have changed the presentation of salary reimbursement, insurance costs and other payroll-related costs, which were previously presented as staff cost, but is now presented as other external expenses. The change in presentation is made in accordance with the interpretation of the Danish Business Authority. The changes do not affect the profit and loss or the equity.

The change in presentation affect the gross profit in 2023, with and impact of 1.220.973 EUR for the group financial statement and 178.846 EUR for the parent financial statement.

Apart from the areas mentioned above, the annual report has been presented applying the accounting policies consistently with 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).

### **Own work capitalised**

Own work capitalised comprises staff costs and other costs incurred in the financial year and recognised in cost for proprietary intangible assets and property, plant and equipment.

### **Other operating income**

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including profit from the sale of intangible assets and property, plant and equipment, and salary refunds .

### **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.

**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:

	<b>Useful life</b>
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.

**Deferred income**

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

**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.