Woodbois Limited

AUDITED GROUP ANNUAL FINANCIAL STATEMENTS

for the year ended

31 December 2023

Incorporated in Guernsey
Company number: 52184

DIRECTORS AS AT 28 JUNE 2024

EXECUTIVES:

G Theuns	*(Executive Chair and Chief Executive Officer)*
C Geddes	*(Chief Financial Officer)*

NON-EXECUTIVES:

G Thomson	*(Senior Independent Non-Executive)*
A *Roecoert*	*(Senior Independent Non-Executive*

COMPANY SECRETARY
William Place Secretaries Limited
Dixcart House,
Sir William Place,
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COMPANY NUMBER
52184 (Guernsey)

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CONTENTS

Dear Shareholders,

Overview of 2023

This past year has been one of the most challenging periods in Woodbois' history. We were confronted by a combination of unforeseen circumstances that deeply affected our operations and financial performance. Nevertheless, we have emerged with a more streamlined focus and a solidified strategy to build a stronger future for Woodbois. Our dedication to sustainable forestry and resilience, paired with strategic partnerships, have been pivotal in maintaining the Company's potential. We remain optimistic as we move forward, armed with lessons learned and a renewed determination to realise our long-term vision.

Key 2023 Financial Metrics

Revenue fell by 66% to $7.9 million, reflecting the adverse market conditions and reduced trading activities as further discussed in the section below. Gross profit reduced by 76% to $1.4 million, attributed to the sharp decline in trading volumes and the temporary shutdown of production.

EBITDAS[1] showed a loss of $4.6 million compared with a profit of $3.3m in 2022. We managed to reduce borrowings by over two-thirds to $3.9m by December 2023, through strategic equity raises and debt-equity swaps, bolstering our balance sheet.

We are confident that the strategic and operational measures that have been and are to be implemented will catalyse a meaningful financial rebound as we proceed through 2024.

Operational Challenges and Strategic Response

We encountered several important challenges in 2023, which necessitated action:

The withdrawal of a critical $6m credit line in April 2023 led to a temporary liquidity crisis, which we overcame through new equity raises.

Margins were squeezed due to subdued trading activity. We responded by reviewing our trading strategy and implementing a more selective approach.

Production was impacted by shutdowns aimed at optimizing workflows and addressing inefficiencies.

Change of government: We were significantly affected by the Gabon military coup in August 2023. The coup overthrew President Ali Bongo after disputed election results, causing immediate instability in the country. This upheaval included border closures and curfews, impacting business operations and logistics across various sectors, including the timber industry. The uncertainty disrupted supply chains and created an environment where ongoing business operations were challenging. Furthermore, the political transition and government reshuffling caused delays and interruptions in regulatory processes essential to Woodbois' annual performance.

These disruptions significantly affected the Company's ability to maintain its usual level of exports, impacting our overall annual financial results. The economic instability brought about by the coup required time for businesses like Woodbois to adapt to the new political landscape while managing operational risks, compliance and relationships with stakeholders.

Since January 2024 Woodbois has worked diligently to foster a strong relationship with Gabon's new government following the recent political transition. Understanding the importance of stable government partnerships, the Company engaged proactively with key officials, building trust and aligning its operations with the new administration's economic priorities. As a result, Woodbois now enjoys excellent relationships up to the highest levels of government in Gabon. This collaboration ensures the Company can continue its business effectively while contributing to the nation's economic goals, reinforcing the positive impact of its sustainable timber production.

Board changes: as set out in the Directors' Report, considerable changes to the executive team took place in 2023 and I assumed my roles around the end of the year. We are structuring a senior team with the requisite skills to implement our strategic objectives.

As announced yesterday, Woodbois heartily welcomed Adrianus Roecoert to the Board as an Independent Non-Executive Director and look forward to his independent perspectives, as well as his support. He has an

[1] Non-IFRS measure. Earnings before interest, tax, depreciation, amortization, share based payments & other non-cash items. Please see financial review for EBITDAS reconciliation

impressive cv: he is greatly experienced in financial matters, from running his own successful accountancy practice to advising over many years on large M&A, reorganisations, debt and share transactions.

As part of the Group reorganisation which commenced in January 2024, Carnel Geddes (CFO) and Graeme Thomson (INED) have decided that after 7- and 5-years' service respectively and for personal reasons, they do not wish to offer themselves for re-election at the 2024 AGM and will accordingly step-down as Directors by then. Woodbois is fortunate that they have agreed to remain involved and available for a short period to help with handover matters.

Woodbois is also recruiting a further independent NED and will appoint a new CFO; it intends to announce these as soon as possible. The Group has a current non-Board Interim Head of Finance, who has been with the Group since January 2024.

International structure dismantling in full process: Company will be run from only 3 entities/offices: Guernsey/UK / Gabon / Dubai. The rest will be (or is already) dissolved/sold: South Africa, Mauritius, Hong Kong, Liberia, Denmark, Mozambique) Result : minus 12 companies and their respective operational costs.

Sustainability and Certification

We are committed to sustainable forestry. We are fully focused on enhancing our certification processes to align with global standards. By strengthening our relationships with environmental organisations and adhering to rigorous sustainability practices, we aim to distinguish ourselves as leaders in responsible forestry.

Future Outlook and Strategic Initiatives

As we run further into 2024, it's essential to reflect on the significant steps taken to position Woodbois for a robust transition. This January, we implemented a comprehensive overhaul of our Gabon operations following critical failures within local management. To ensure a successful turnaround, we have replaced the complete management team in Gabon and introduced new real-time procedures and controls that bolster operational efficiency and oversight. These and many operational changes have necessitated a low level of activity in Q1 with turnover of $1.0m. Q1 production from the sawmill was 2700m3 while the Veneer factory restarted in February 2024 and produced 1100m3. The inventory build is being unwound with product being shipped in late Q2. The forward results will progressively show the wisdom of these enhancements and cost reductions.

We have secured a Trade Finance credit line up to USD 5m with a strategic partner in the Middle East. Funding will be released on a trade-by-trade basis.

We have also completed the disposal of non-core assets in Mozambique for a staged consideration of $1.0m and a share of any upside. As mentioned earlier this year our focus is on our core business in Gabon.

In addition to these local changes, we are finalising the restructuring and centralizing of our international administration, which had become outdated and cumbersome. These changes will streamline decision-making, reduce operating costs significantly, and optimise our production processes.

Woodbois also has plans to open an office in Dubai in Q2 for strengthening our regional relationships and to boost trading activity and volumes.

As discussed at our last AGM, we're actively pursuing new strategic partnerships that will accelerate Woodbois' growth and enhance its position as a leader in the combined transformation of wood in processing raw timber into finished products:

- First stage transformation: this stage processes raw logs at sawmills into basic lumber products like planks, beams, and veneer, producing rough timber forms.
- Second stage transformation: further refines rough lumber into products like wood panels, flooring, doors and other construction materials through planing, moulding, and joining.
- Third stage transformation: the final processing stage, turning refined wood products into consumer goods such as furniture, cabinetry and engineered wood items.

Each transformation stage adds value to the product, progressively enhancing its usability and marketability. Companies involved in all three stages are fully integrated across the value chain, offering a comprehensive range of products.

Looking deeper into 2024, our strategic initiatives will focus on maximising production, streamlining operations, becoming cash-flow positive and expanding the value of our forest resources, both organically and, where advantageous, through consolidating M&A activity.

Optimised Production and Operational Efficiency: We are targeting optimal production levels across our facilities in Gabon to maximise output and improve operational efficiency. At this moment we are enhancing operational workflows and investing in new machinery to guarantee better productivity yields and profitability, maximising productivity of each production shift.

Investments will prioritise expanding the certification processes and improving capacity, ensuring we are well-placed to meet growing market demand. By adhering to responsible forestry principles, we aim to deliver strong returns while safeguarding the environment and creating positive social impacts.

Cash Flow Enhancement: Improved production and sales are designed to bolster cash flows, allowing us to meet debt obligations while investing in strategic growth opportunities.

Carbon Credits and Forestry Value: Our forest concessions present significant opportunities to generate value through carbon credits and sustainable forestry activities. Woodbois has launched a significant carbon credit initiative and is in the final stages of securing a 40-year lease for a 50,000-hectare afforestation project in Gabon. We aim to reforest the area with up to 50 million trees, primarily of the indigenous okoumé species. The project is expected to absorb more than 30 million tonnes of CO_2 over its lifespan, supporting Gabon's pledge to remain carbon-neutral beyond 2050.

The initial phase of the project involves a 2,000-hectare pilot that will demonstrate its potential, with the first carbon credits anticipated by 2028 after the necessary accreditation period. The project will deliver biodiversity benefits, create roughly 1,000 jobs locally and provide 20% of these carbon credits to Gabon, aligning with national laws. The Company is confident in finding partners to support both the pilot and full-scale implementation.

Optimistic about the future

In conclusion, while 2023 was a challenging year, we have used this period to refine our strategy and strengthen our resilience and resolve. Our renewed strategic focus, combined with the remarkable dedication of our team, will help us seize opportunities in 2024 and beyond.

I would like to express my gratitude to our shareholders, partners and employees for their unwavering support and confidence in Woodbois. Together, I am confident that we will usher in a prosperous new chapter for the Company.

Sincerely,
Guido Theuns
Executive Chair and Chief Executive Officer
28 June 2024

Summary reflections on 2023

The year was very challenging, possibly the most challenging in the Company's history and amplified against the previous two consecutive years of positive EBITDAS. We have encountered events that could not have been easily foreseen, but we emerge from these challenging times with our balance-sheet considerably stronger having reduced debt by around two-thirds to approximately $3.9m at the end of 2023, with strategic focus and drive embedded in our ethos, a streamlined, refreshed and energetic executive team, new shareholders and partners with whom to deliver on the outstanding promise which this business and our sectors hold.

In 2023, Group operating activities generated negative cash flows of $4.7m (2022: inflow of $1.1m). Low levels of Trading of third-party products, initially as a result of potential sub optimal margins and later owing to a lack of working capital, coupled with decreased levels of production at both factories in Gabon, resulted in a Revenue decrease of 66% to $7.9m and a 76% decrease in Gross Profit to $1.4m. EBITDAS[2] decreased to a loss of $4.6m (2022: profit of $3.3m). In terms of segment contribution, our own production sales generated turnover of $6.9m v $15.3m in 2022 at a margin of 19% v 32% in 2022 and Trading of 3rd party products generated turnover of $1.0m (v $7.8m in 2022) at a margin of 11% in 2023 v 13% in 2022.

	Year ended 31 December 2023 $000	Year ended 31 December 2022 $000
(Loss)/profit before taxation	**(7,882)**	**(158,867)**
Add back fair value loss/(gain) on biological assets	-	156,983
Add back finance costs	809	1,029
Add back share-based payment expense	(165)	418
Add back reclassification of FCTR[3] on deregistered entities	-	1,529
Add back depreciation and amortisation	2,076	222
Add back depreciation in Cost of Sales	566	1,959
EBITDAS	**(4,596)**	**3,273**

2023 Financial performance review

We dealt with a number of challenges during 2023: Sub-optimal margins in Trading of third party product, the shut-down of operations to allow for implementation of re-ordering of work-flows and processes required by the increased production output in 2022, untimely/abnormal weather conditions causing supply chain disruption between forest and sawmill, the unexpected withdrawal of the $6m credit line by a Danish bank in April requiring the raising of new equity and entering a debt for equity swap and disputed elections at the end of June 2023, followed by a popular military-led coup in Gabon in late August, which has severely delayed putting a replacement trading line of credit in place. The knock-on effect of these events was a working capital shortfall which led to much lower production outputs, profit and loss and effects on other performance measures. Cash conservation was paramount whilst a solution was found to the Company's financing issue, with debts being settled and operations adversely affected. Cash conservation measures have naturally been prioritised due to these various disruptions, including minimising operational activities and expense, both of which are reflected in the financial results for the year ended December 2023.

In terms of the hard numbers, Revenue decreased by 66% to $7.9m (2022: increased by 32% to $23.1m) and Gross Profit was down 76% to $1.4m (2022: up 69% to $5.9 m), reflecting the lower Trading of third party and production activities throughout the year. Gross profit margin decreased to 18% compared to 25% in 2022 due to the loss of economies of scale. Operating costs increased relative to 2022 due to increased diesel costs, the increased fixed cost of the capacity built in 2022 in anticipation of the ramp up in activity then envisaged as well as the lack of production which meant that costs incurred in the production nodes were expensed rather than absorbed in inventory as part of the production process. Our administration expenses decreased by 32% in 2023 compared to 2022 because of certain afforestation project related application costs that did not recur in 2023 and cost-cutting actions owing to the Group's working capital shortfall. In line with having reduced its debts the finance charges for the year decreased to $0.8m compared to $1.0m in 2022. We booked a Foreign Exchange gain of $0.1m (2022: gain $0.9m).

Other income represents settlement gains realised on termination of banking and other facilities, see note 3.

[2] Non-IFRS measure: Earnings before interest, tax, depreciation, amortisation, share based payments and other non-cash items
[3] Foreign currency translation differences

Following the annual review of biological asset values in 2023, no fair value gain or loss was recorded (2022: non-cash gross fair value loss of $157.0m). Although the Group experienced an increase in its average actual borrowing rates in 2023, the risk-free rate, equity and country specific risk rates which also impacts on the valuation decreased, resulting in an overall reduced discount rate. The effect of this rate change was set off against the effect of the Group's decision to revise downwards its anticipated permitted forward looking harvesting rates based on the current expected harvesting activities, the potentially more economic option to buy in third party logs in the wet seasons and given that the Company it is in the process of combining its two concession management plans in Gabon into a single management plan where the Annual Permitted Cut may be subject to change depending on the government's view of sustainable harvesting in the combined plan, legislative changes both with regards to the size of the area and species. Such changes may impact the carrying value of the biological assets held. The 2022 loss reflected the dramatically increasing interest rates experienced worldwide at that time, together with higher country discount rates being applied. These economic conditions, together with the Group's decision to minimise its forward-looking harvesting activities in Mozambique and its effect thereof on permitted harvest rates resulted in the loss then booked. As in the prior year, our Gabonese concessions now account for 100% of our total biological assets of $179.8m (see note 11 for more details). Agreement for the disposal of the non-core Mozambique assets was announced in early March 2024 and this was completed on 12 June 2024.

During 2022, the Group formally completed the deregistration of three dormant entities located in Tanzania, allowing it to further simplify its group structure. As required by IFRS, the Group reclassified the foreign currency translation differences that arose on historical consolidation of those entities ($1.5m) from the FCTR (equity) to profit or loss. No Group companies were deregistered in 2023.

Revenues from own production decreased by 55% from $15.3m in 2022 to $6.9m in 2023 and generated a gross margin of 19% vs 32% in 2022. Third party Trading revenues decreased by 87% from $7.8m in 2022 to $1.0m in 2023 at a margin of 11% vs 13% in 2022. Own production sales represented 87% of total sales in 2023 vs 66% in 2022. Overall margin decreased from 25% in 2022 to 18% in 2023. See note 2 for further information.

Cash and working capital

The Group's operating activities generated a 2023 cash loss of $4.7m (2022: positive $1.0m). No large investment was made to add further harvesting or production capacity (2022: $3.9m) as cash was instead used to settle debt. Borrowings and convertible bonds at the start of the year of $15.0m had fallen to $3.9m at the year end, this settlement being possible as a result of the issuing of $11.0m (net) in fresh equity, as well as conversion of some debt into shares. Our year end 2023 cash of $0.5m compared with $2.3m at the end of 2022.

At the end of 2023 the Group's receivables and inventory were $7.2m (2022: $10.9m), whilst payables reduced to $3.2m (2022: $3.7m). Total borrowings, including the convertible bond, decreased from $15.0m in 2022 to $3.9m at the end of 2023. Of this, $3.6m (2022: $9.4m) was classified as current. Net working capital[4] at the end of 2023 was $4.5m, down from $9.6m in 2022.

Net Assets

The increase in the Company's net assets year-on-year, from $147.9m in 2022 to $152m, is largely due to the net effect of the two equity raises carried out during the year (see note 18) and the loss realised for the year.

At 31 December 2023 the Group's share capital of c4,290m ordinary shares, was comprised of 3,705m Voting and treasury Shares and 585m Non-Voting Shares.

As set out more fully in the Directors' report, the Independent Auditor's Report and in Note 1 of the financial statements, the Company continues to adopt the going concern basis in the preparation of this Annual Report and at the date of this report.

Looking ahead to 2024

On 8 February 2024, the Company announced having received notice of conversion of 200m warrants at 1p per share, a premium of 41% to the closing share price of the day before, showing great support for and belief in the future prospects of the Company. With debt now reduced by approximately two-thirds since the start of 2023, the Company is fully focussed on rebooting operations and identifying and delivering on the optimum strategy to maximise value from its carbon-credit, trading and forestry activities. Our overriding priority will be to generate consistent, positive cash flows from our substantial Gabonese forestry assets to ensure that we

[4] Non-IFRS measure: Trade and other receivables plus Inventory plus Cash and cash equivalents minus Trade and other payables.

continue to grow the business and also meet any debt repayments. The scale at which we are able to grow and generate net cash in the immediate future will be subject mainly to how quickly we can return to optimal production levels in our factories as well as the timing of the inflow and deployment of growth finance.

As further detailed in note 24, the Company announced on 24 June 2024 that it had entered into a $5m trade finance facility to enhance its trading activities and to expedite its growth trajectory. This facility will enhance its ability to capitalise on market opportunities more swiftly and efficiently than currently.

The Group intends to consolidate its Group finance, trading and other central functions as it reduces its disparate offices outside of Gabon and eliminating superfluous subsidiaries in Hong Kong and Liberia, and with the sale of the Mozambique subsidiaries completed in June 2024.

A significant amount of time and resources have been dedicated to restructuring the Gabon Operations in a positive way. In addition to new local management, the Company has:

- withdrawn from uneconomic and burdensome business activities;
- materially reduced its local headcount (particularly of non-nationals) and hence costs;
- ceased sub-standard operational practices, with a focus on health and safety, transparency and on controls;
- focused on carrying-out repairs/upgrades of machinery and hiring specific skills to permit double shifts and maximise output;
- re-modelled its integrated activities from the forest to final customer, ahead of planned increases in its own-production in the latter part of the year;
- devoted much senior management time to ensuring we have good relations at all levels of governmental authorities.

So far in 2024 whilst implementing new management, procedures, procurement, replacing equipment and maintenance the Group was still able to maintain daily production around H1 2023 levels. Unaudited turnover to 30 May 2024 is c$2.2m (v $4.9m for H1 2023) with an operating loss of c$3.5m (v c$3.7m loss at 30 May 2023). The operations are being readied for a planned major and sustainable increase to record levels in the second half of 2024.

We will continue to invest in delivering further operational productivity improvements, development of our in-house systems to optimise sales of our own products and focussing again on certification of our forests and factories, which continues to be a high priority.

Demand for our products remains high. Planned capital expenditure in 2024 includes work towards certification of both our production facilities and our forest. In addition to efficiency improvements, $1.3m of investment is planned to improve harvesting, transport and production capacity.

On 30 June 2024 our cash balance is projected to be $0.7m, with estimated net working capital at 31 May 2024 of $4.2m and interest-bearing bank and other borrowings of $3.9m. This is not expected to change materially by 30 June 2024.

Carnel Geddes
Chief Financial Officer
28 June 2024

As we move into 2024, the importance of ESG investments and sustainable forestry management continues to grow. At Woodbois, we are dedicated to enhancing our leadership in these areas by prioritizing transparency and best practices. Our sustainable forestry model is designed for the long-term protection of our forest concessions while providing social and economic benefits for all stakeholders.

Health and Safety

The well-being and safety of our employees are top priorities. In 2023, our Quality Health, Safety, and Environment (QHSE) team in Gabon worked on improving workplace safety and health initiatives. This included specialized screenings for employees in high-risk roles and educational sessions on health awareness. We upgraded safety protocols and provided 1,775 pieces of Personal Protective Equipment (PPE) to our staff and contractors, leading to a significant improvement in our safety standards.

Sustainability

In 2023, Woodbois remained one of the top companies in the ZSL SPOTT transparency assessment, ranking 8th out of 100 timber and pulp firms. Our commitment to responsible forestry practices and ethical sourcing contributed to Sustainable Development Goal 15. This supports our mission to preserve forest ecosystems while ensuring a sustainable supply of wood and wood products.

FSC and Certification Efforts

We continue to promote sustainable forestry practices in Gabon and made significant progress towards achieving full forest certification. Our Ngounié and Nyanga Forests Programme highlights our commitment to balancing economic growth with social and environmental responsibility. Throughout 2023, we focused on integrating our forest concessions and improving our management practices to ensure we are on track for successful certification.

Carbon Projects

Our commitment to carbon sequestration and afforestation projects remains strong. In 2023, we continued our work on the Afforestation/Carbon Sequestration project awarded by the Government of Gabon. This project aims to regenerate natural forests in savannah areas by introducing local pioneer species and preventing fires. It will enhance biodiversity and water resources, creating at least 1,000 permanent jobs over the first ten years of planting. We work in close co-operation with the Gabonese government to further develop additional carbon credit project.

Community Engagement

In 2023, we made significant efforts to support the communities where we operate. We allocated over 60,000,000 FCFA for community-selected projects, including electrification initiatives, healthcare, and educational infrastructure upgrades. Our community engagement team focused on building sustainable partnerships with local organizations to promote the well-being of both our employees and the wider community.

Ambitions

Our goal is to establish Woodbois as a leading ESG-sensitive company in the global timber industry through diverse operations. In 2023, we improved our corporate governance, risk management, and stakeholder communication efforts to ensure sustained value creation and alignment with sustainable development goals. The directors present their report on the Group's activities, along with the financial statements and auditor's report for the fiscal year ended December 31, 2023.

The principal activities of Woodbois Limited ("Woodbois") during 2023, together with its subsidiaries (the "Group") were forestry, trading, and furthering the Company's carbon solutions initiatives. These activities were undertaken through both the Company and its subsidiaries. The Company is quoted on AIM and is incorporated and domiciled in Guernsey.

BUSINESS REVIEW

A review of the Group's performance and prospects is included in the Executive Chair and Chief Executive Officer's statement, as well as in the Chief Financial Officer's review.

RESULTS AND DIVIDENDS

The total comprehensive loss for the year attributable to shareholders was $8.1m (2022: total comprehensive loss $111.2m).

The directors do not recommend payment of an ordinary dividend (2022: $Nil).

SHARE CAPITAL AND FUNDING

Full details of the authorised and issued share capital, together with details of the movements in the Company's issued share capital during the year are shown in note 18. The Company has two classes of ordinary shares, which carry no right to fixed income. One class of ordinary shares carries a right to one vote at the general meetings of the Company ("Voting"). The other class does not carry any right to vote at the general meetings of the Company ("Non-Voting").

During the year the Company issued 1,800m new Ordinary Shares. As at the date of this report, being 28 June 2024, the Company has unlimited authorised share capital divided into ordinary shares of 0.011p each, of which 4,549,988,873 had been issued as at 31 December 2023 comprising 3,945,850,726 Voting shares, 19,138,147 treasury shares and 585,000,000 Non-Voting shares.

POST BALANCE SHEET EVENTS

Please refer to note 24 of the financial statements, in addition to the Executive Chair and Chief Executive Officer's Statement and the CFO's Report for details.

DIRECTORS

The directors, who served during the year and to the date of this report were as follows:

Guido Theuns (Appointed 4 December 2023)	*(Executive Chair and Chief Executive Officer)*
G Thomson	*(Senior Independent Non-Executive)*
A Roecoert (Appointed 27 June 2024)	*(Senior Independent Non-Executive)*
C Geddes	*(Chief Financial Officer)*
D Rothschild (Resigned 5 January 2024)	*(Chief Executive Officer)*
P Dolan (Resigned 28 September 2023)	*(Chief Executive Officer)*
H Ghossein (Resigned 1 November 2023)	*(Deputy Chair & Head of Gabon Operations)*

DIRECTORS' INDEMNITY INSURANCE

The Group's policy is to maintain directors' and officers' insurance and it also indemnifies directors against the consequences of actions brought against them in relation to their duties for the Group.

DIRECTORS’ INTERESTS

Directors’ interests in the Voting shares of the Company, including family interests at 31 December 2023 and 2022 and at the date of approval of this report were:

Shareholding	Percentage of Voting Shares held 2023	Percentage of Voting Shares held 2022	Voting Ordinary shares of 1p each 2023	Voting Ordinary shares of 1p each 2022
G Thomson	0.03%	0.06%	1,250,000	1,250,000

Share Options

At the date of this report the share options of the directors were:

Director	Total number of Share Options held as at 31 December 2023 (exercise price of 2p per Share)	Number of LTIP's held as at 31 December 2023 (exercise price of 0.01p per Share)	Total number of Shares under option	Share Options as a % of Issued Share Capital[1]
C Geddes (CFO)	22,500,000	4,000,000	26,500,000	0.58%
G Thomson (Senior NED)	10,000,000	-	10,000,000	0.22%

The total number of Options in issue at any time under all Company option schemes will not exceed 10% of the total issued Voting and Non-Voting share capital.

Please see note 21 for more information.

[1] Issued Share Capital of approximately 4,549 m shares comprises of 3,927m Voting Shares, 19m treasury shares and 585m Non-Voting Shares.

DIRECTORS' REMUNERATION

The audited remuneration of the individual directors for the period for which they served in the year to 31 December 2023 was:

	Salary or fees	Benefits	Total 2023	Total 2022
	$000	$000	$000	$000
P Dolan[1]	183	-	183	200
H Ghossein	201	-	201	228
C Geddes[2]	238	-	238	200
G Thomson	93	-	93	62
D Rothschild	155	-	155	50
F Tonetti (Resigned 16 April 2022)	-		-	101
G Theuns[2]	4	-	4	-
Total	874	-	874	841

All of the above directors' remunerations are considered short term in nature and exclude national insurance contributed by the employer.

It is the Company's policy that Executive Directors should have contracts with an indefinite term providing for a maximum of 3-6 months' notice.

Non-Executive Directors are employed on letters of appointment which may be terminated on 1-3 months' notice. The basic fees payable to Graeme Thomson at the date of this report as Senior Independent Director are £50,000 pa.

PROFILES OF THE CURRENT DIRECTORS

G THEUNS, AGED 63 EXECUTIVE CHAIR AND CHIEF EXECUTIVE OFFICER

Mr Theuns has a wide range of international business experience gained over 40 years, in particular in investor communications, governmental and commercial negotiations, risk management, IT and investment fund and family office structuring. He is a Dutch national living in France and holds both a B.Sc and B.Ed degrees.

C GEDDES, AGED 45, CHIEF FINANCIAL OFFICER

Based in South Africa, Mrs Geddes is a Fellow of the Institute of Chartered Accountants in England and Wales, a member of the South African Institute of Chartered Accountants and a Certified Fraud Examiner. During a 15-year career at BDO, the global audit, tax and advisory group, she served as director, forensic services, of BDO London and partner of BDO Cape Town. She has been a director and Board member of one of the largest South African pomegranate farming and export companies, Pomona, since 2008. She was also the Chair of POMASA (2018 to 2023), the Pomegranate Growers Association of South Africa.

G THOMSON, AGED 67, SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Thomson is a Fellow of the Institute of Chartered Accountants in England and Wales and has been a public company director in a variety of sectors for many decades, as a CEO, CFO/Company Secretary and as a Non-Executive. He has varied commercial UK and international experience, including of Audit and Remuneration Committees.

A ROECOERT, AGED 76, *SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR*

Mr Roecoert is greatly experienced in financial matters, from running his own successful accountancy practice to advising over many years on large M&A, reorganisations, debt and share transactions. Adrianus will be a member of the Audit, Remuneration & Nominations Committees.

[1] Paid in GBP at a fixed rate of £150,000 pa

[2] C Geddes and G Theuns' services are provided through service companies

SUBSTANTIAL SHAREHOLDERS

The Company has been notified or is aware that the following have, at the date of this report, an interest in three percent or more of the issued Voting Ordinary share capital of the Company:

Name	Number of 1p Voting ordinary shares	Percentage of the issued Voting share capital
Morgan Stanley (CHCH Ventures FZ – LLC)[1]	590,000,000	14.9%
Securities Services Nominees (John Scott)	392.500,000	9.9%

CORPORATE GOVERNANCE

The Board is committed to achieving the highest standards of corporate governance, integrity and business ethics and is responsible for oversight of this. The Board has adopted the Corporate Governance Code produced by the Quoted Companies Alliance and has taken steps to apply the principles of the QCA Code in so far as they can be applied practically and with the exception set out below, given the size of the Group and the nature of its operations. We set out below how the Group complies with the QCA Code.

1. Establish a strategy and business model which promotes long-term value for shareholders. The strategy and business operations of the Group are set out in this Annual Report and in the Group's separate annual Integrated Report.

The Group had three divisions during the year: Forestry, Trading, and Carbon Solutions. A clear strategy has been devised for each. The Board continually impresses upon the leadership teams of each division that capital allocation must be both performance and potential driven. Investment, either opex or capex, will only be forthcoming for strategies that can demonstrate significant return to shareholders over time. Running loss-making business lines is not a sustainable business strategy. We will prioritise support and fund businesses where our combination of skills and experience give us an edge. Conversely, if we cannot source the requisite expertise to participate profitably in particular business lines or geographies, we will look to cease these activities.

2. Seek to understand and meet shareholder needs and expectations

Shareholders play a key role in corporate governance, with our Annual General Meeting for shareholders offering an opportunity to exercise their decision-making power in the Company. Shareholders are encouraged to vote at the AGM and any other General Meeting's which are convened throughout the year, and attending either online or in person, and for which our Company Secretaries are the point of contact for shareholders. Our Executive Directors and our Investor relations officer are the primary contact points for shareholder updates and wider liaison. The contact details are set out in these financial statements.

3. Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Board recognises that the long-term success of the Group is reliant upon the efforts of the employees of the Group and its contractors and suppliers. We continuously engage with our stakeholders ranging from employees, customers, investors, international development banks, governments, not-for-profit organisations and academia, to identify and address issues of materiality and to gather feedback from each of them. The Board ensures that all key relationships are the responsibility of, or are closely supervised by, one of the directors.

Woodbois is in a unique position to bring vital positive impact to Africa's economic transformation, social development and environmental management through our operations. In this regard we have set out to align our sustainability strategy with the United Nations Sustainable Development Goals (SDGs), which provide a vision for ending poverty, hunger, inequality and protecting the earth's natural resources.

[1] The Company was notified on 28.6.23 that CHCH Ventures FZ – LLC held 800,000,000 Voting ordinary shares, which represents 20.3% of the current issued Voting share capital of the Company. These were registered at Tavira Financial Limited. The Company believes that CHCH Ventures FZ – LLC has since this date reduced its shareholding to approximately 590,166,700 Voting ordinary shares which represents 14.96% of the current issued voting share capital. The Company has sought to engage with CHCH Ventures FZ – LLC and Tavira Financial Limited in order to obtain an accurate shareholding but to date has received no formal confirmation. The Company expects to provide further updates once it receives notification or is able to gather further information.

4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

The business of carbon off-set projects, forestry and timber trading involves a high degree of risk: in addition to technical, political and regulatory risk, the Group is exposed to weather, nutrient and pest risks. Furthermore, the Group is exposed to a number of financial risks, which the Board seeks to minimise by adopting a prudent approach consistent with the corporate objectives of the Group. Our approach to these risk factors is set out in the Financial Statements for the year ended 31 December 2023.

A comprehensive budgeting process is completed once a year and is reviewed and approved by the Board. Budgets are subsequently updated when there is a significant change in any of the key assumptions to the budget. The Group's actual results, compared with the budget, are reported to the Executive Directors on a weekly basis and any material deviations from budget are followed up by a member of the Executive Board. Variances are reviewed at least monthly by the Board.

The Group maintains appropriate directors' and officers' insurance cover in respect of actions taken against the directors because of their roles, as well as insurance against material loss or claims against the Group, where it is considered cost-effective. The insured values and type of cover are comprehensively reviewed on a yearly-basis or where new assets or risks arise.

5. Maintain the Board as a well-functioning, balanced team led by the Executive Chair & Chief Executive Officer.

The Board is responsible for establishing the strategic direction of the Group, monitoring the Group's trading performance and appraising and executing development and acquisition opportunities. The Company holds a minimum of nine Board meetings per year at which financial and other reports are considered and, where appropriate, voted on. It also holds ad hoc meetings as required to deal with specific issues. During 2023 the Board formally met 12 times. Board and Committee meetings are convened at times convenient to eligible members to ensure 100% attendance. Details of the directors' beneficial interests in Ordinary Shares are available on our website and are set out in the Directors' Report.

The directors comply with Rule 21 of the AIM Rules and the Market Abuse Regulations 2014 relating to directors' dealings and will take all reasonable steps to ensure compliance by any employees of the Company to whom regulations apply. The Company has, in addition, adopted the Share Dealing Code for dealings in its Ordinary Shares by directors and senior employees.

As of the date of this report the Board comprised of two Executive Directors and two Independent Non-Executive Directors. Executive Board members are considered full time employees, while Non-Executives are required to commit between 20 and 40 days per annum to their roles. The Board is committed to recruit a further Non-Executive Director as soon as practicable.

The Board is supported by the Audit and the Remuneration Committees, which are comprised of Non-Executive Directors only, and the Nominations Committee which also includes the Executive Chair & Chief Executive Officer.

6. Ensure that between them, the directors have the necessary up-to-date experience, skills and capabilities

The directors' biographies can be found in this Directors' Report and on the Company's website. The Board believes that their mix of significant senior financial and commercial experience gives a strong and appropriate background to formulate and deliver long term shareholder value.

The Nominations Committee oversees the requirements for and recommendations of any new Board appointments to ensure that it has the necessary mix of skills and experience to support the on-going development of the Company. Any appointments made will be on merit, against objective criteria and with due regard for the benefits of diversity and inclusivity on the Board. The Nominations Committee will also be responsible for succession planning.

7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

Internal evaluation of the Board, the Committees and individual directors is seen as an important next step in the development of the Board and one that is addressed. An annual operational review of all members of the Board is undertaken, in which their performance is evaluated, and development needs identified and actions to be taken agreed. Executive and Non-Executive Directors are subject to re-election intervals as prescribed in the Company's Articles of Incorporation. At each Annual General Meeting one-third of the directors who are subject to retirement by rotation shall retire from office. They can then offer themselves for re-election. Directors who have been appointed since the prior AGM have to stand for election at the next AGM.

8. Promote a corporate culture that is based on ethical values and behaviours

The Company is committed to complying with all applicable laws and best corporate governance practices, wherever we operate. It is a core aspect of our mission to act with integrity in all of our operations. The Board expects all employees and contractors to comply with both the letter and spirit of the law and governance codes.

The Company fosters a culture where our businesses directly and indirectly promote a range of benefits for the host community and host country on social and environmental levels. One of the most fundamental and positive social impacts associated with our Company's strategic growth objective is the skills development and employment opportunity we bring to the region. The Group also commits to providing a safe environment for its staff and all other parties for which the Company has responsibility. The Company is committed to protecting the environment, contributing to sustainable management of natural resources by strictly following guidelines set out by host Governments and actively engaging with local communities. The Company clearly articulates objectives and has put in place an internal accountability mechanism to effectively implement commitments, as well as ensuring that outcomes are measured and communicated transparently.

9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board.

The following Group matters are reserved for the Board:

- Overall strategy
- Approval of major capital expenditure projects
- Approval of the annual and interim results
- Annual budgets, KPI's and revisions thereto
- ESG matters, including climate change initiatives and actions.

The Company is committed to high standards of corporate governance. Both Management and the Board are dedicated to implementing best practice as the Company grows.

A clear organisation structure exists detailing lines of authority and control responsibilities.

The Board monitors the exposure to key business risks and reviews the strategic direction of all trading subsidiaries, their annual budgets, their performance in relation to those budgets and their capital expenditure.

The agenda of the business overall is determined by a Management Committee, which sets out agreed targets that include financial return, sustainability and actions on climate change. Opportunities and improvements are identified and prioritised depending on analysis carried out by Management. These projects are supported by detailed financial planning. Comprehensive internal controls and systems enable the Board to manage business objectives. As well as Board discussions, regular meetings are held by Management to discuss performance. Variances from the budget and previous forecasts are analysed, explained and acted on.

Important capital investments are regularly discussed both at a Board and at a Management level where analysis of budget versus actual spend is carried out.

Effective corporate governance remains key to the business as it grows rapidly. The Company has a structure and process in place to help identify areas in which corporate governance can be improved. The Company is continuously improving, investing in and implementing technology that will allow both the Board and Management to oversee key performance indicators across the business in real time.

Within the Trading division, the Company has developed a custom-built tool to allow for real-time tracking of all trades, which has been progressively implemented. Substantially all of the cost associated with its development has been expensed as incurred due to the strict accounting rules governing the capitalisation of internally generated intangible assets.

The Company is in discussion with several organisations to implement innovative blockchain based technology to manage both the traceability of the timber that the Company produces as well as providing real-time oversight of the business's supply chain.

The Audit Committee, Remuneration Committee and Nominations Committee have formally delegated duties and responsibilities.

Audit Committee:

The Board has established an Audit Committee with formally delegated duties and responsibilities. During the year, the Audit Committee comprised of the Non-Executive Directors with Graeme Thomson as Chair. It meets at least three times in the financial year. In addition, the Chair has a regular dialogue with our auditors.

The terms of reference for the Audit Committee include requirements:

- To monitor the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance, reviewing significant financial reporting judgements contained in them.
- To review the Group's internal financial controls together with the Group's internal control and risk management systems.
- To monitor and review the external auditor's independence and objectivity and to make recommendations in relation to the appointment, re-appointment and removal of the external auditor.

Remuneration Committee:

The Remuneration Committee meets as and when required. During the year the Remuneration Committee comprised of Non-Executive Directors with Graeme Thomson as the Chair. It meets at least three times per year.

The policy of the committee is to reward Executive Directors in line with the current remuneration of directors in comparable businesses in order to recruit, motivate and retain high quality executives within a competitive marketplace.

There were three main elements of the remuneration packages for Executive Directors and senior management in 2023:

- Basic annual salary (including directors' fees) and benefits;
- Discretionary annual bonus; and
- Equity share option incentive schemes,
- All of these elements take into account the need to motivate and retain key individuals.

Nominations Committee:

The Nomination Committee which comprises of the Non-Executive Directors and the Executive Chair & Chief Executive Officer meets at least twice a year and is responsible for the process of reviewing replacement or additional directors, the monitoring of compliance with applicable laws, regulations and corporate governance guidance and making appropriate recommendations to the Board.

10. Communicate how the Company is governed and is performing, by maintaining a dialogue with shareholders and other relevant stakeholders

The Company encourages regular communications with its various stakeholder groups and aims to ensure that all communications concerning the Group's activities are clear, fair and accurate. Quarterly updates are announced via RNS and are available on our website and users can register to be alerted when announcements or details of presentations and events are posted onto the website.

We aim to release our half and full year results to the market well in advance of reporting deadlines and offer visibility for shareholders by including segmental reporting. The Company's financial statements and Notices of General Meetings of the Company can be found on its website.

The results of voting on all resolutions are announced via RNS immediately following completion of General Meetings and are available on its website. Any actions required to be taken as a result of resolutions for which votes against have been received from at least 20 per cent of independent shareholders will be detailed on the RNS and votes cast are set out in full.

RISK MANAGEMENT

The business of carbon initiatives, forestry and timber trading involves a high degree of risk, in addition to technical, political and regulatory risk, the Group is exposed to weather, nutrient and pest risks. Furthermore, the Group is exposed to a number of financial risks, which the Board seeks to minimise by adopting a prudent approach which is consistent with the corporate objectives of the Group.

TECHNICAL RISK

The Company operates large-scale machinery in the forms of harvesting, sawmill and veneer equipment. All three are key revenue contributors and as such, any significant interruption to these assets could have an adverse effect on our financial performance. A number of procedures and programmes have been implemented to mitigate these technical risks. Capital investment programmes have replaced older equipment to improve both reliability and overall efficiency of our machinery, also reducing overall breakdown risk. The Group has actively sought best-in-class hires that have significant experience with the machinery that is currently being utilised, this has also allowed the Group to adopt best practice. Additionally, performance metrics for operating assets are monitored by Management on a weekly basis to quickly identify and resolve any issues.

PANDEMIC RISK

Public health risks may add to instability in world economies and markets generally, as was the case with the COVID pandemic. The extent of the impact of a pandemic will be correlated with the magnitude and duration thereof, both aspects of which will be uncertain. Entities may experience conditions often associated with a general economic downturn. This includes, but is not limited to, financial market volatility and erosion, deteriorating credit and increased borrowing rates, volatility in exchange rates, liquidity concerns, supply chain disruptions, further increases in government intervention, increasing unemployment, broad declines in consumer discretionary spending, increasing inventory levels, reductions in production because of decreased demand, layoffs and furloughs, and other restructuring activities.

POLITICAL AND REGULATORY RISK

The Board observes any political developments across the geographies that Woodbois operates in closely, notably in Gabon and Mozambique. The political environment across all the countries that Woodbois operates in will remain an evolving discussion point for the Board, as illustrated by the 2023 change of government in Gabon. It is noted that since 2017 the insurgency in Cabo Delgado Province, Mozambique has been ongoing. Although currently unaffected by the conflict, the Board continued to closely monitor any wider implications ahead of the sale of Mozambique interests announced in early 2024.

The regulatory frameworks in place across the countries that Woodbois operates in support the development of forestry. However, the forestry sector in Mozambique has been subject to frequent policy changes with regard to exports and delays in issuing of annual licenses, which has created uncertainty. Furthermore, there is no assurance that future political and economic conditions in these countries will not result in the Governments changing their political attitude towards forestry. Any changes in policy may result in changes in laws affecting ownership of assets, land tenure, ability to export, taxation, environmental protection and repatriation of income and capital, which may adversely impact the Group's ability to carry out its activities.

OTHER RISKS

The UK formally departed from the European Union at the end of 2020. Whilst there have been many regulatory and operational changes in trade between the parties this has to-date had a very limited effect on the Group's operations. The Board will maintain close dialogue with its advisors to ensure that any proposed regulatory changes are identified and actioned accordingly.

ENVIRONMENTAL RISK

The Group is exposed to climate, weather and the risk of pests affecting its forestry operations. The availability of water as well as the abundance of too much water also pose a risk to the biological assets.

These risks are managed by ongoing assessment of local weather patterns and pests. Adverse weather conditions may impact transport routes both within the Group's countries of operation and when exporting finished product.

FINANCIAL RISK

This comprises of a number of risks explained below.

MARKET PRICE RISK

The Group is exposed to market risk in respect of any equity or similar investments, as well as any potential market price fluctuations that may affect the revenues of the forestry and timber trading operations. The Group mitigates this risk by having established investment appraisal processes and asset monitoring procedures, which are subject to overall review by the Board.

LIQUIDITY RISK

The Group seeks to manage liquidity by regularly reviewing cash levels and expenditure budgets to ensure that sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

INTEREST RATE RISK

The Group is exposed to interest rate risk on its debt as well as its cash reserves as the majority of its debt attracts interest at a floating rate and cash reserves are held in accounts that attract variable interest. Interest rate risk has significantly reduced by the end of 2023 as a result of the considerable debt reduction by year end.

Refer to note 14 for a detailed borrowings assessment.

CREDIT RISK

The Group's principal financial asset is cash and accounts receivable. The credit risk associated with cash is considered to be limited. Except for exceptional circumstances, or where sales are made on Letter of Credit, the Group generally receives payment immediately upon delivery of its forestry products. The credit risk is considered to be minimal as no credit terms are offered and funds are generally received prior to the risk of ownership being transferred to the purchaser. When credit is offered it is only for strategic purposes. From time-to-time cash is placed with certain institutions in support of trading positions. The credit risk is considered minimal as the Group only undertakes this with large reputable institutions and governmental or quasi-governmental exposure is managed as closely as feasible.

DONATIONS

No political or charitable donations were made during the year (2022: nil).

POLICY ON PAYMENT OF SUPPLIERS

It is Group and Company policy to agree and clearly communicate the terms of payment as part of the commercial arrangements negotiated with suppliers and then to pay according to those terms based on the timely receipt of an accurate invoice.

EMPLOYMENT POLICIES

The Group is an equal opportunities employer: it promotes inclusion and diversity in the organisation wherever possible through recruitment, training, career development and promotion.

The Group is committed to keeping employees as fully informed as possible with regard to the Group's performance and prospects and seeks their views, wherever possible, on matters which affect them as employees.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation. Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the United Kingdom (UK). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period.

In preparing the financial statements, the directors are required to:

a. select suitable accounting policies and then apply them consistently;
b. make judgements and accounting estimates that are reasonable and prudent;
c. state whether they have been prepared in accordance with UK adopted International Accounting Standards; and
d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies (Guernsey) Law 2008. The directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Woodbois Limited website. The Company is compliant with AIM Rule 26 regarding the Woodbois Limited website. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

GOING CONCERN

An assessment of going concern is made by the directors at the date the directors approve the annual financial statements, taking into account the relevant facts and circumstances at that date including:

- Review of profit and cash flow forecasts for a period of not less than 12 months from the date hereof;
- Review of actual results against forecast;
- Timing of cash flows and working capital resources; and
- Financial or operational risks.

Having made reasonable enquiries, and based on the budget for 2024 and onwards, the directors are satisfied that the cash balance and resources and facilities available and expected to be made available to the Group is sufficient to cover all known financial liabilities for the next 12 months from the date of approval of the financial statements and as such consider it appropriate to prepare the financial statements on a going concern basis.

Further details on the assumptions and their conclusion thereon are included in the statement on going concern included in note 1 to the Financial Statements.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The Directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

AUDITOR

PKF Littlejohn LLP were reappointed as auditors for 2023 and a resolution to reappoint then will be proposed at the 2024 AGM.

On behalf of the Board

Guido Theuns
Executive Chair and Chief Executive Officer
28 June 2024

Opinion

We have audited the financial statements of Woodbois Limited (the 'group') for the year ended 31 December 2023 which comprise the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Financial Position, the Consolidated Statements of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

In our opinion:

- the financial statements give a true and fair view of the state of the group's affairs as at 31 December 2023 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the financial statements have been prepared in accordance with the requirements of the Companies (Guernsey Law) 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's ability to continue to adopt the going concern basis of accounting included:

- Obtaining management's forecast cash flows covering the period from the date of signing to December 2025. We assessed the key assumptions within the forecast with regards to revenue generation, capital funding and cash flows;
- Reviewing and challenging the Board's controllable mitigation plans and their forecast impact on the ability of the business to continue to operate. We obtained supporting documentation to evaluate the plausibility and achievability of management's mitigation plans, including sensitised scenario forecasts;
- Agreeing available borrowing facilities to underlying agreements and the extent to which additional facilities could be utilised and funds raised from other sources; and
- Assessing the adequacy of going concern disclosure within the Annual Report and Accounts.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit and in evaluating the effect of misstatement. At the planning stage, materiality is used to determine the financial statement areas that are included within the scope of or audit and the extent of samples sizes during the audit.

We determined our overall financial statements materiality to be US$312,000 (2022: US$303,000). This was based on an average of three year's adjusted profit or loss before tax which is calculated by removing all items deemed to be outside the normal course of business, such as the fair gain or loss on biological assets and gain on bargain purchase in previous years, as these are areas which involve management estimation. We consider the adjusted profit or loss before tax to be the performance measure used by the shareholders as Woodbois Limited is a trading entity and it's profit-making ability is a significant point of interest for investors.

We set performance materiality at 70% (2022: 70%) of overall financial statement materiality to reflect the risk associated with the judgemental and key areas of management estimation within the financial statements.

No significant changes have come to light through the fieldwork which has caused us to revise our materiality figure. We set group triviality at US$15,600 (2022: US$15,150), and the range of component materiality was downwards from an upper threshold of Group materiality of US$312,000 to US$32,000 (2022: US$303,000 to US$55,484), to lower company specific materiality levels.

Our approach to the audit

In designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular we looked at areas involving significant accounting estimates and judgements (such as the valuation of biological assets) by the Directors and considered future events that are inherently uncertain. We also address the risk of management override of controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Our audit scope focused on the principal area of operation, being Africa. The head office oversees the accounting function of the group and its subsidiaries, however, regional offices maintain the accounting records for many of the components. The components are based in Gabon, Denmark, Mauritius and London therefore given the nature of the accounting function, our audit was conducted by local component auditors within Gabon and Denmark.

Each component was assessed as to whether they were significant or not significant to the group by either their size or risk. The parent company and four components were considered to be significant due to their identified size and risk. These components have been subject to full scope audits by component auditors and reviewed by us.

The audit was overseen and concluded in London where we acted as group auditor. As group auditors we maintained regular contact with the component auditors throughout all stages of the audit and we were responsible for the scope and direction of their work. We ensured that we challenged their findings in order to form an opinion on the group.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our scope addressed this matter
Valuation of biological assets (Note 11 and critical accounting estimates)	
Biological assets represent the most material balance in the financial statements US$180m (US$180m as at 31 December 2022). The valuation of these assets is the key assertion considered here, as there is a risk that the biological assets are incorrectly valued and therefore misstated due to the high degree of estimation and judgement required by management. Management have reassessed their inputs used within the value in use calculations due to changes in the	Our work included: • Reviewing the biological asset valuation models prepared by management for accuracy and challenging the estimates/assumptions made in the inputs; • Reviewing the model estimates such as discount rates used and challenging the key inputs involved in arriving at the rate applied;

country specific discount rates and risk free rates applied. These inputs are judgemental and have the greatest impact upon valuation.	• Reviewing the sensitivity of the key inputs, together with a combination of sensitivities, of such inputs; • Considering if there are any indications of impairment and ensuring that those identified by management are reasonable; and • Reviewing disclosures in the financial statements to ensure they are in accordance with IAS 41, particularly the disclosures of key estimates and assumptions which impact fair values and the sensitivity analysis.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the group financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies (Guernsey) Law 2008 requires us to report to you if, in our opinion:

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the group financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- *We obtained an understanding of the group and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through enquires with management, industry research, review of component auditor work papers, and our application of cumulative audit knowledge and experience of the sector.*

- *We determined the principal laws and regulations relevant to the group in this regard to be those arising from:*

  Aim Rules, Companies (Guernsey) Law 2008, health and safety regulations and relevant tax legislation in the jurisdictions in which the group operates.

- *We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group with those laws and regulations. These procedures included, but were not limited to:*

  - *Enquiries of management*

  - *Review of board minutes*

  - *Review of RNS announcements*

- *We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls and revenue recognition, that the potential for management bias identified in relation to the valuation of biological assets and as noted above, we addressed this by challenging the assumptions and judgements made by management when auditing that significant accounting estimate.*

- *As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.*

- *As part of group reporting instructions issued, component auditors were required to report areas of non-compliance with laws and regulations, including fraud. As part of our review of component auditors work, we held regular update meetings during all stages of the audit and included within the discussions matters relating to country laws and regulations as well as how the risk of fraud at component level was being addressed.*

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with our letter of engagement. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Timothy Harris (Engagement partner)
For and on behalf of PKF Littlejohn LLP
Registered auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

28 June 2024

Woodbois Limited

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2023

	Notes	2023	2022
		$000	$000
Turnover	2	7,940	23,108
Cost of sales	2	(6,528)	(17,244)
Gross profit		1,412	5,864
Other income	3	1,434	-
Operating costs		(7,267)	(4,166)
Administrative expenses		(878)	(1,288)
Depreciation		(2,076)	(222)
Share based payment expense	21	165	(418)
Loss on fair value of biological assets	11	-	(156,983)
Operating (loss)/profit	**4**	(7,210)	(157,213)
Reclassification of Foreign Currency Translation Reserve on deregistered entities	22	-	(1,529)
Foreign exchange gain		137	904
Finance costs	6	(809)	(1,029)
(Loss)/profit before tax		(7,882)	(158,867)
Taxation	7	(243)	47,676
(Loss)/profit for the year		(8,125)	(111,191)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences		(311)	(1,612)
Reclassification of FCTR on deregistered entities		-	1,529
Total comprehensive loss for the year		(8,436)	(111,274)
Basic loss per share (cents)	8	(0.24)	(4.47)
Diluted earnings per share (cents)	**8**	(0.24)	(4.47)

The notes on pages 27 to 60 form an integral part of the consolidated financial statements.

Woodbois Limited
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2023

	Share capital (note 18) $000	Share premium (note 19) $000	Convertible bonds (note 17) $000	Foreign exchange reserve * $000	Share based payment reserve (note 21) $000	Revaluation Reserve (note 10) $000	Retained earnings $000	Total equity $000
AT 1 JANUARY 2022	32,528	65,254	52	(8,323)	435	6,254	162,248	258,448
Loss for the year	-	-	-	-	-	-	(111,191)	(111,191)
Other comprehensive income for the year	-	-	-	(83)	-	-	-	(83)
Total comprehensive loss for the year	-	-	-	(83)	-	-	(111,191)	(111,274)
Transactions with owners:								
Issue of ordinary shares	24	75	-	-	(51)	-	-	48
Redemption of convertible bonds	73	220	(28)	-	-	-	-	265
Share based payment expense	-	-	-	-	418	-	-	418
AT 31 DECEMBER 2022	32,625	65,549	24	(8,406)	802	6,254	51,057	147,905
Loss for the year	-	-	-	-	-	-	(8,125)	(8,125)
Other comprehensive income for the year	-	-	-	(311)	-	-	-	(311)
Total comprehensive loss for the year	-	-	-	(311)	-	-	(8,125)	(8,436)
Transactions with owners:			-	-	-	-	-	
Issue of ordinary shares	3,217	9,471	-	-	-	-	-	12,688
Redemption of convertible bonds	-	-	(24)	-	-	-	-	(24)
Share based payment (credit)/expense	-	-	-	-	(165)	-	-	(165)
AT 31 DECEMBER 2023	35,842	75,020	-	(8,717)	637	6,254	42,932	151,968

* Exchange differences arising on translation of the foreign controlled entities are recognised in other comprehensive income and accumulated in a separate reserve within equity.
The notes on pages 27 to 60 form an integral part of the consolidated financial statements.

Woodbois Limited
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2023

	Notes	2023 $000	2022 $000
ASSETS			
NON-CURRENT ASSETS			
Biological assets	11	179,815	179,815
Property, plant and equipment	9	30,194	32,226
TOTAL NON-CURRENT ASSETS		210,009	212,041
CURRENT ASSETS			
Trade and other receivables	12	5,400	6,330
Inventory	13	1,771	4,606
Cash and cash equivalents	14	527	2,296
TOTAL CURRENT ASSETS		7,698	13,232
TOTAL ASSETS		217,707	225,273
LIABILITIES			
NON-CURRENT LIABILITIES			
Borrowings	16	(292)	(5,665)
Deferred tax	7	(58,680)	(58,675)
TOTAL NON-CURRENT LIABILITIES		(58,972)	(64,340)
CURRENT LIABILITIES			
Trade and other payables	15	(3,074)	(3,547)
Borrowings	16	(3,563)	(8,603)
Provisions	20	(130)	(130)
Convertible bonds – host liability	17	-	(748)
TOTAL CURRENT LIABILITIES		(6,767)	(13,028)
TOTAL LIABILITIES		(65,739)	(77,368)
NET ASSETS		151,968	147,905
EQUITY			
Share capital	18	35,842	32,625
Share premium	19	75,020	65,549
Convertible bonds – equity component	17	-	24
Foreign exchange reserve		(8,717)	(8,406)
Share based payment reserve	21	637	802
Revaluation reserve	10	6,254	6,254
Retained earnings		42,932	51,057
TOTAL EQUITY		151,968	147,905

The notes on pages 27 to 60 form an integral part of the consolidated financial statements. The consolidated financial statements on pages 23 to 60 were authorised for issue by the board of directors on 28 June 2024 and were signed on its behalf.

Guido Theuns
Executive Chair and Chief Executive Officer

Woodbois Limited
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2023

	Notes	2023 $000	2022 $000
CASH USED IN OPERATIONS			
(Loss)/profit before taxation		(7,882)	(158,867)
Adjustment for:			
Depreciation of property, plant and equipment	9	2,641	2,181
Fair value adjustment of biological asset	11	-	156,983
Foreign exchange		(137)	(904)
Reclassification of FCTR on deregistered entities	22	-	1,529
Share based payments	21	(165)	418
Finance costs	6	809	1,029
Provision for bad debts		452	-
Other income	3	(1,434)	-
Decrease/(increase) in trade and other receivables		558	(1,714)
Decrease in trade and other payables		(1,177)	(310)
Decrease in inventory		2,345	1,553
CASH FLOWS FROM OPERATIONS		(3,990)	1,898
Finance costs paid		(592)	(759)
Income taxes paid		(152)	(2)
CASH FLOWS FROM OPERATING ACTIVITIES		(4,734)	1,137
CASH FLOWS FROM INVESTING ACTIVITIES			
Expenditure on property, plant and equipment		(319)	(3,907)
Settlement of deferred consideration		-	(250)
Settlement of purchase price for acquired subsidiary		-	(341)
CASH FLOWS FROM INVESTING ACTIVITIES		(319)	(4,498)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans and borrowings		-	6,193
Repayment of loans and borrowings		(6,929)	(1,470)
Proceeds from the issue of ordinary shares (net of issue costs)		10,976	47
Repayment of convertible bonds		(763)	-
CASH FLOWS FROM FINANCING ACTIVITIES		3,284	4,770
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(1,769)	1,409
Cash and cash equivalents at beginning of year		2,296	887
CASH AND CASH EQUIVALENTS AT END OF YEAR		527	2,296

Net debt reconciliation

	At 31 December 2022 $000	Cash flow In year $000	Non-cash changes in year $000	At 31 December 2023 $000
Borrowings	14,268	(6,929)	(3,483)*	3,855

*Gain on early settlement of debt (see note 3) and debt conversion (see note 16).

The notes on pages 27 to 60 form an integral part of the consolidated financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

GENERAL INFORMATION

Woodbois Limited ("the Company" or "Woodbois") is an AIM-quoted forestry and timber trading company limited by shares. The Company is incorporated and domiciled in Guernsey, the Channel Islands, with registered number 52184. Its registered office is Dixcart House, Sir William Place, St Peter Port, Guernsey, GY1 1GX.

The nature of the Group's operations and its principal activities are set out in the Directors' Report.

The accounting policies set out in pages 27 to 37, have been consistently applied.

The principal activities and nature of the business are included on pages 1 to 17.

BASIS OF ACCOUNTING

The consolidated financial statements have been prepared in accordance with UK adopted international accounting standards adopted by the United Kingdom applied in accordance with the provisions of the Companies (Guernsey) Law 2008. The consolidated financial statements have been prepared under the historical cost convention except for biological assets and certain financial assets and liabilities, which have been measured at fair value.

FUNCTIONAL AND PRESENTATION CURRENCY

These consolidated financial statements are presented in United States Dollar (USD), which is the Group's presentation currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

BASIS OF CONSOLIDATION

Subsidiaries are entities controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. The acquisition method is used to account for the acquisition of subsidiaries.

Any contingent consideration is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or a liability is recognised in accordance with IFRS 9 either in profit or loss or as a change in other comprehensive income. The unwinding of the discount on contingent consideration liabilities is recognised as a finance charge within profit or loss.

Acquisition related costs are expensed as incurred.

The Group measures goodwill at the acquisition date as the excess of the fair value of the consideration transferred, plus the recognised amount of any non-controlling interests, less the recognised amount of the identifiable assets acquired, and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss as a bargain purchase.

Before recognising a gain on a bargain purchase, an assessment is made as to whether all assets acquired, and liabilities assumed have been correctly identified. The fair value measurement of the identifiable net assets and cost of acquisition is also reviewed to evaluate whether all available information at the acquisition date has been considered. An adjustment made to the fair value of the net assets acquired will impact the amount of goodwill or bargain purchased recognised at acquisition.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group. All significant intercompany transactions and balances between group entities are eliminated on consolidation.

When the Group ceases to consolidate a subsidiary as a result of losing control and the Group retains an interest in the subsidiary and the retained interest is an associate, the Group measures the retained interest at fair value at that date and the fair value is regarded as its cost on initial recognition. The difference between the net assets de-consolidated and the fair value of any retained interest and any proceeds from disposing of a part interest in the subsidiary is included in the determination of the gain or loss on disposal. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that subsidiary had directly disposed of the related assets or liabilities.

Investments in associates and jointly controlled entities are accounted for using the equity method of accounting and are initially recognised at cost. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions. Gains or losses on disposals to non-controlling interests are recorded in equity.

As at 31 December 2023, the Group held equity interests in the following undertakings:

Subsidiary undertakings	Proportion held of voting rights	Country of incorporation	Nature of business
Direct investments			
Woodbois Services Limited	100%	England	Shared services, Timber Trading
Woodbois Trading Limited	100%	Hong Kong	Dormant
Argento Limited	100%	Mauritius	Holding / treasury company – Forestry and Trading
Woodbois Liberia Inc.	100%	Liberia	Dormant
Carbonarbor Limited	100%	England	Carbon solutions, dormant
Indirect investments of Argento Limited			
Argento Mozambique Limitada	100%	Mozambique	Holding company & Forestry
Madeiras SL Limitada	100%	Mozambique	Forestry
Jardim Zambezia Limitada	100%	Mozambique	Forestry
Baia Branca Limitada	100%	Mozambique	Forestry
Ligohna Timber Products Limitada	100%	Mozambique	Forestry
Ligohna Timber Products (2) Limitada	100%	Mozambique	Forestry
Montara Forest Lda	100%	Mozambique	Forestry
Petroforge Mozambique Lda	100%	Mozambique	Forestry
WoodBois International ApS	100%	Denmark	Timber Trading
WoodGroup ApS	100%	Denmark	Timber Trading
Woodbois Gabon S.A.	100%	Gabon	Forestry
SCI Yarim	100%	Gabon	Property holding
La Gabonaise des Forêts et de l'Industrie du Bois (LGFIB)	100%	Gabon	Forestry

The registered offices of the Group's subsidiaries are as follows:

Subsidiary undertakings	Registered office
Direct investments	
Woodbois Services Limited	118 Piccadilly, London, England, W1J 7NW
Woodbois Trading Limited	New Mandarin Plaza Tower B, 14 Science Museum Rd, Hong Kong
Argento Limited	Dias Pier Building, Le Caudan Waterfront, Port Louis, Mauritius
Woodbois Liberia Inc.	Daviers Compound, Williams Road, Monrovia, Libreville
Carbonarbor Limited	Canterbury Court, 1-3 Brixton Road, London, England, SW9 6DE
Indirect investments of Argento Limited	
Argento Mozambique Limitada	Bairro da Polana, Av. Ahmed Sekou Toure 571 R/C, Distrito Kampfumo, Cidade de Maputo, Mozambique
Madeiras SL Limitada	Bairro da Polana, Av. Ahmed Sekou Toure 571 R/C, Distrito Kampfumo, Cidade de Maputo, Mozambique
Jardim Zambezia Limitada	Bairro da Polana, Av. Ahmed Sekou Toure 571 R/C, Distrito Kampfumo, Cidade de Maputo, Mozambique
Baia Branca Limitada	Bairro da Polana, Av. Ahmed Sekou Toure 571 R/C, Distrito Kampfumo, Cidade de Maputo, Mozambique
Ligohna Timber Products Limitada	Bairro da Polana, Av. Ahmed Sekou Toure 571 R/C, Distrito Kampfumo, Cidade de Maputo, Mozambique
Ligohna Timber Products (2) Limitada	Bairro da Polana, Av. Ahmed Sekou Toure 571 R/C, Distrito Kampfumo, Cidade de Maputo, Mozambique
Montara Forest Lda	Bairro da Polana, Av. Ahmed Sekou Toure 571 R/C, Distrito Kampfumo, Cidade de Maputo, Mozambique
Petroforge Mozambique Lda	Bairro da Polana, Av. Ahmed Sekou Toure 571 R/C, Distrito Kampfumo, Cidade de Maputo, Mozambique
WoodBois International ApS	Hoeffdingsvej 34, 2500 Valby, Denmark
WoodGroup ApS	Hoeffdingsvej 34, 2500 Valby, Denmark
Woodbois Gabon	12 Rue de Georgelin, Derrière l'hôpital BP720 Libreville, Gabon
SCI Yarim	3568, Centre Ville Vers La Renovation, Libreville, Gabon
La Gabonaise des Forêts et de l'Industrie du Bois (LGFIB)	Louis (a cote de l'ex Marin a) 5333, Libreville, Gabon

INTRA-GROUP TRANSACTIONS

All intra-group transactions, balances, and unrealised gains and losses on transactions between Group companies are eliminated on consolidation. Subsidiaries' accounting policies are amended where necessary to ensure consistency with the policies adopted by the Group. All financial statements are made up to 31 December each year.

BUSINESS COMBINATION

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

CHANGES IN ACCOUNTING POLICIES

a) New and amended standards adopted by the Group

The following IFRS or IFRIC interpretations were effective for the first time for the financial year beginning 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements:

Standards /interpretations	Application
IFRS 17	Amendments to IFRS 17 Insurance Contracts
IAS 8	Definition of Accounting Estimates
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
IAS 1	Disclosure of Accounting policies

b) Accounting standards and interpretations not yet effective

The following new or amended standards are not expected to have a significant impact on the group's financial statements

Standards /interpretations	Application
IAS 1	Classification of Liabilities as Current or Non-current
IAS 1	Non- Current Liabilities with Covenants
IFRS16	Lease liability in a Sale and Leaseback
IAS7, IFRS17	Supplier Finance arrangements
IAS 12	International Tax Reform – Pillar Two Models Rules

SEGMENTAL REPORTING

The reportable segments are identified by the Executive Board (which is considered to be the Chief Operating Decision Maker) by the way management has organised the Group. The Group operates within three separate operational divisions comprising forestry, trading and carbon solutions.

The directors review the performance of the Group based on total revenues and costs, for these three divisions and not by any other segmental reporting.

FOREIGN CURRENCIES

The presentation currency of the Group is US Dollars (US$). Items included in the Group's financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of the majority of the Group's subsidiaries is USD as this is the currency in which they trade on a local basis. The consolidated financial statements are presented in USD ("the presentation currency") because this is the currency better understood by the principal users of the financial statements.

Foreign currency translation rates (against US$) for the significant currencies used by the Group were:

	At 31 December 2023	Annual average for 2023	At 31 December 2022	Annual average for 2022
UK Pound	1.27	1.25	1.21	1.23
Mozambique Metical	63.20	63.65	63.88	63.85
Danish Krone	6.75	6.88	6.97	7.07
West African CFA franc	594.27	605.33	614.48	623.52

Transactions in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of the transaction. At each reporting date, monetary assets and liabilities that are denominated in foreign currency are translated into the functional currency at the rate prevailing on that date. Non-monetary assets and liabilities are measured at fair value and are translated into the functional currency at the rate prevailing on the reporting date. Gains and losses arising on retranslation are included in profit or loss for the year, except for exchange differences on non-monetary assets and liabilities, which are recognised directly in other comprehensive income when the changes in fair value are recognised directly in other comprehensive income.

On consolidation, the assets and liabilities of the Group's overseas operations are translated into the Group's presentational currency at exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the year unless exchange rates have fluctuated significantly during the year, in which case the exchange rate at the date of the transaction is used. Exchange differences arising, if any, are taken to other comprehensive income and the Group's translation reserve. Such translation differences are recognised as income or as expenses in the year in which the operation is disposed of.

CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

The preparation of the consolidated financial statements requires management to make estimates and judgements and form assumptions that affect the reported amounts of the assets, liabilities, revenue and costs during the periods presented therein, and the disclosure of contingent liabilities at the date of the consolidated financial statements.

Estimates and judgements are continually evaluated and based on management's historical experience and other factors, including future expectations and events that are believed to be reasonable. The estimates and assumptions that have a significant risk of causing a material adjustment to the financial results of the Group in future reporting periods are discussed below.

Information about assumptions and estimation uncertainties at 31 December that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Residual values and useful lives of property, plant and equipment: refer to note 1
- Fair value of biological assets: refer to note 11
- Provision for doubtful debts: refer to note 1
- Share Based Payments: refer to note 21

REVENUE RECOGNITION

Under IFRS 15, Revenue from Contracts with Customers, five key points to recognise revenue have been assessed:

Step 1: Identify the contract(s) with a customer;
Step 2: Identify the performance obligations in the contract;
Step 3: Determine the transaction price;
Step 4: Allocate the transaction price to the performance obligations in the contract; and
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity, and specific criteria have been met for each of the Group's activities, as described below.

The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Where the Group makes sales relating to a future financial period, these are deferred and recognised under 'deferred revenue' on the Statement of Financial Position.

The Group currently has the following revenue streams:

- Sale of goods: Revenue is recognised following the five-step approach outlined above. The performance obligation set out in step two is when the risk and reward of the goods is transferred to the customer (revenue recognised at a point in time), and is transferred at the earlier of:
    - when goods are sold subject to a letter of credit, on the date that the bill of lading is dispatched to the buyer's bank; or
    - when goods are prepaid in full by the buyer, based on the incoterm specified in the contract/invoice; or
    - when the bill of lading is exchanged.

- Service revenue: Revenue is recognised following the five-step approach outlined above. The performance obligation set out in step two is when the work has been certified by the customer (revenue recognised at a point in time).

- Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

- Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

LEASES

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of equipment that are considered of low value (i.e., below $5,000). Lease payments on short-term leases and leases of low-value assets are recognized as occupancy expense on a straight-line basis over the lease term.

Long-term leases
The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.
The right of use assets comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right of use asset) whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or

- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Right of use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right of use asset reflects that the Group expects to exercise a purchase option, the related right of use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group applies IAS 36 Impairment of Assets to determine whether a right of use asset is impaired.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right of use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

PROPERTY, PLANT AND EQUIPMENT

Land and Buildings are recognised at fair value based on periodic valuations by external independent valuers. Any revaluation gains are recognised in other comprehensive income. Revaluation losses are recognised with other comprehensive income, against any pre-existing gains, with anything over and above pre-existing gains being recognised as an expense in profit and loss.

All other Property, plant and equipment is stated at historical cost less subsequent accumulated depreciation and any accumulated impairment losses. If significant parts of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the group will obtain ownership by the end of the lease term.

Land has an indefinite useful life and therefore is not depreciated.

Depreciation is calculated on a straight-line basis at rates calculated to write each asset down to its estimated residual value, which in most cases is assumed to be zero, evenly over its expected useful life, as follows:

Motor vehicles	over 3 years
Fixtures and IT equipment	over 3 - 7 years
Plant and equipment	over 2 - 5 years

Management judgement and assumptions are necessary in estimating the methods of depreciation, useful lives and residual values. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

At each statement of financial position date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where there has been a change in economic conditions that indicate a possible impairment in a cash-generating unit, the recoverability of the net book value relating to that field is assessed by comparison with the estimated discounted future cash flows based on management’s expectations of future costs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where conditions giving rise to impairment subsequently reverse, the effect of the impairment charge is also reversed as a credit to the income statement, net of any depreciation that would have been charged since the impairment.

BIOLOGICAL ASSETS

A biological asset is defined as a living animal or plant. The Group’s biological assets comprise standing timber. The fair value of the standing timber is determined using models based on expected yields, market prices for the saleable produce, over 5 years, after allowing for harvesting costs and other costs yet to be incurred in getting the produce to maturity. Any changes in fair value are recognised in the income statement in the year in which they arise.

Forestry
IAS 41 requires biological assets to be measured at fair value less costs to sell. The fair value of standing timber is estimated based on the present value of the net future cash flows from the asset, discounted at a current market-based rate. In determining the present value of expected net cash flows, the Group includes the net cash flows that market participants would expect the asset to generate in its most relevant market. Increases or decreases in value are recognised in profit or loss. When the fair value estimates are determined to be clearly

unreliable due to insufficient information being available to the directors, the biological asset is held at cost less any accumulated depreciation and any accumulated losses.

All expenses incurred in maintaining and protecting the assets are recognised in profit or loss. All costs incurred in acquiring additional planted areas are capitalised.

Where fair value of a biological asset cannot be measured reliably, the biological asset shall be measured at its cost less any accumulated depreciation and any accumulated impairment losses.

Costs incurred prior to the demonstration of commercial feasibility of forestry and agriculture in a particular area are written-off to profit and loss as incurred.

CONVERTIBLE BONDS

The net proceeds received from the issue of convertible bonds are split between a liability element and an equity component at the date of issue. The fair value of the liability component is estimated using the prevailing market interest rate for similar nonconvertible debt. The portion which represents the embedded option to convert the liability into equity of the Company is included in equity and its fair value at initial recognition was estimated using the Monte Carlo method of valuing such instruments. The equity portion is not remeasured subsequent to initial recognition and the liability component is carried at amortised cost. Issue costs are apportioned between the liability and equity components of the convertible bonds based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly against equity. The interest expense on the liability component is calculated by applying the prevailing market interest rate, at the time of issue, for similar non-convertible debt to the liability component of the instrument. The difference between this amount and the interest paid is added to the carrying amount of the convertible bonds.

FINANCIAL INSTRUMENTS

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded either in profit or loss or in OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).
(b) Recognition

Purchases and sales of financial assets are recognised on trade date (that is, the date on which the Group commits to purchase or sell the asset). Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.
Debt instruments

Amortised cost; Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method.

Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.

(d) Impairment

The Group assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

INVENTORIES

Inventories are measured at the lower of cost-of-production or estimated net realisable value. Cost of production includes direct labour, all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses. The cost of inventories is based on the weighted average cost method.

Product that has been containerised and shipped or remains in storage at the port of departure, and where ownership has not yet passed to the customer, is accounted for as stock in transit and stated at the lower of cost of production or estimated net realisable value.

EMPLOYEE BENEFITS

SHORT-TERM EMPLOYEE BENEFITS
The costs of all short-term employee benefits are recognised in the period in which the employee renders the related service.

The accrual/liability for employee entitlements to wages, salaries and annual leave represent the amount which the Group has a present obligation to pay as a result of an employees' services provided up to the reporting date. The accruals have been calculated at undiscounted amounts based on expected wage and salary rates.

SHARE-BASED PAYMENT ARRANGEMENTS
The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the options granted is measured using a Monte-Carlo valuation model for market performance criteria and Black-Scholes valuation model for non-market performance criteria, considering the terms and conditions under which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

PROVISIONS

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of discount is recognised as a finance cost.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with that contract.

In accordance with the Group's environment policy and applicable legal requirements, a provision for site restoration in respect of contaminated land, and the related expense, is recognised when the land is contaminated.

TAXATION

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

CURRENT TAX

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years.
The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends and surface tax.

Current tax assets and liabilities are offset only if certain criteria are met.

DEFERRED TAX

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.
Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

BORROWINGS

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

EARNINGS PER SHARE

(i) Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted earnings per share adjusts the figures used in determining basic earnings per share to take into account the after tax effects of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of ordinary shares that would have been outstanding assuming the conversion of all diluted potential ordinary shares.

Where there is a loss attributable to the owners of the company, it is not necessary to disclose the diluted earnings per share.

GOING CONCERN

The consolidated financial statements have been prepared assuming that the Group will continue as a going concern. Under this assumption, an entity is ordinarily viewed as continuing in business for the foreseeable future with neither the intention nor necessity of liquidation, ceasing trading or seeking protection from creditors for at least 12 months from the date of the signing of the consolidated financial statements.
Management have performed their consideration on various scenarios. The base case includes the rescheduling of debts and/or financing being raised whether as equity, debt or a hybrid thereof. In their scenario planning management have considered inter alia:

- the timing of and the ability of the Company to raise sufficient working capital;
- the timing of and the ability of the Company to raise the finance required to settle the balance of the Danish bank facility that was terminated on 19 April 2023;
- the likely outcome(s) of the Company's negotiations with its creditors;
- the current stage of the Group's life cycle;
- its performance and cashflow;
- the expected timing of revenues;
- financing both committed and those that management consider is available and;
- operational risks.

The forecasts, show that the Company will have to reschedule or raise funds in connection with \$1.5m of its near-term debt due at the end of June 2023, in addition to raising sufficient working capital in order to have adequate resources to continue in operational existence for the foreseeable future and to meet its liabilities as they fall due in the next 12 months. Your attention is drawn to the RNS dated 6 June 2023, summarised in note 24. At the date of these consolidated financial statements, financing proposals were still subject to due diligence and shareholder approval to issue new ordinary shares at the General Meeting (scheduled for 16 June 2023), set out in the circular to shareholders dated 26 May 2023. Whilst the directors currently believe that the additional financing required will be obtained, there can be no certainty. Although the audit report is not modified in respect of this matter, these events or conditions, along with the other matters as set forth in the notes, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. As of the date hereof the directors consider it appropriate to adopt the going concern basis of preparation in the consolidated financial statements.

2. SEGMENTAL REPORTING

Segmental information is presented on the basis of the information provided to the Chief Operating Decision Maker ("CODM"), which is the Executive Board.

The Group is currently focused on forestry, timber trading and carbon solutions. These are the Group's primary reporting segments, operating in Gabon, Mozambique, Denmark, London, Guernsey and head operating offices in Mauritius. Certain support services are performed in the UK.

As on 31 December 2023 sales made to four (2022: one) customers during the year accounted for 14%, 11%, 11% and 10% (2022: 14%) of the total turnover.

The Group's directors review the internal management reports of each division at least monthly.

There are varying levels of integration between the Forestry and Trading segments. This integration includes transfers of sawn timber and veneer, respectively. Inter-segment pricing is determined on an arm's length basis.

Information relating to each reportable segment is set out below. Segment profit/(loss) before tax is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industry.

The following table shows the segment analysis of the Group's profit before tax for the year and net assets at 31 December 2023. All amounts are disclosed after taking into account any intra-segment and intra-group eliminations:

2023	Forestry $000	Trading $000	Carbon Solutions $000	Total $000
INCOME STATEMENT				
Turnover	6,918	1,022	-	7,940
Cost of Sales	(5,617)	(911)	-	(6,528)
Gross profit	1,301	111	-	1,412
Other income	-	1,434	-	1,434
Operating costs	(5,129)	(1,553)	(585)	(7,267)
Administrative expenses	(293)	(293)	(292)	(878)
Depreciation	(1,982)	(94)	-	(2,076)
Share based payment expense	68	48	49	165
Segment operating loss	(6,035)	(347)	(828)	(7,210)
Foreign exchange (loss)/gain	946	(740)	(69)	137
Finance costs	(510)	(299)	-	(809)
Loss before tax	(5,599)	(1,386)	(897)	(7,882)
Taxation	(243)	-	-	(243)
Loss for the year	(5,842)	(1,386)	(897)	(8,125)
NET ASSETS				
Assets:	214,577	3,546	-	218,123
Liabilities:	(4,074)	(3,401)	-	(7,475)
Deferred tax liability	(58,680)	-	-	(58,680)
Net assets	151,823	145	-	151,968

Reconciliation of information on reportable segments to the amounts reported in the consolidated financial statements:

(Loss)/profit before tax	2023 $000	2022 $000
Total (loss)/profit before tax for reportable segments	(8,125)	(109,662)
Unallocated amount: reclassification of FCTR on deregistered entities	-	(1,529)
Consolidated (loss)/profit before tax	(8,125)	(111,191)

The following table shows the segment analysis of the Group's loss before tax for the year and net assets at 31 December 2022. All amounts are disclosed after taking into account any intra-segment and intra-group eliminations:

2022	Forestry	Trading	Carbon Solutions	Total
	$000	$000	$000	$000
INCOME STATEMENT				
Turnover	15,262	7,846	-	23,108
Cost of Sales	(10,450)	(6,794)	-	(17,244)
Gross profit	4,812	1,052	-	5,864
Operating costs	(2,360)	(1,467)	(339)	(4,166)
Administrative expenses	(429)	(429)	(430)	(1,288)
Depreciation	(206)	(16)	-	(222)
Share based payment expense	(171)	(121)	(126)	(418)
Gain on fair value of biological assets	(156,983)	-	-	(156,983)
Segment operating profit/(loss)	(155,337)	(981)	(895)	(157,213)
Foreign exchange (loss)/gain	(135)	1,039	-	904
Finance costs	(614)	(415)	-	(1,029)
Profit/(loss) before tax	(156,086)	(357)	(895)	(157,338)
Taxation	47,681	(5)	-	47,676
Profit/(loss) for the year	(108,405)	(362)	(895)	(109,662)
NET ASSETS				
Assets:	215,486	9,787	-	225,273
Liabilities:	(5,881)	(12,812)	-	(18,693)
Deferred tax liability	(58,680)	5	-	(58,675)
Net assets	150,925	(3,020)	-	147,905

Geographical information

In presenting the below geographical information, segment revenue and non-current assets are based on the entity's country of domicile.

	Denmark	Gabon	Mozambique	United Kingdom	Total
2023	$000	$000	$000	$000	$000
External sales	1,021	6,745	47	127	7,940
Non-Current Assets	-	209,863	146	-	210,009

2022	$000	$000	$000	$000	$000
External sales	7,846	15,130	132	-	23,108
Non-Current Assets	-	211,706	335	-	212,041

The below segment revenue has been based on the geographic location of the customer. Only material amounts were included.

Location:	2023 $000	2022 $000
Libya	1,575	4,401
Gabon	1,100	3,922
Turkey	921	1,591
China	847	-
Dominican Republic	841	2,350
Italy	716	1,800
Iraq	536	1,283
Republic of Korea	396	-
USA	174	574
Morocco	105	805
Pakistan	28	2,275
Bangladesh	-	1,621
Belgium	-	534
	7,239	21,156

3. OTHER INCOME

Other income represents settlement gains realised on termination of banking and other facilities.

On 19 April 2023, the Company announced that Woodgroup Aps, a wholly owned subsidiary of the Company, had received a notice from a Danish bank, that it was terminating a $6m debt facility. The $6m facility was fully utilised and had an ancillary account with a cash balance of $3.1m. The bank had a floating charge against the assets of Woodgroup ApS and have offset this $3.1m in partial repayment of the facility. The reason cited by the bank for terminating the facility was that Woodgroup ApS generated a loss in Q1 2023. The bank believed that, as a consequence, the circumstances of Woodgroup ApS had changed significantly to their detriment. Management did not agree with the bank's conclusion and, whilst acknowledging the poor performance in Q1, believed the Company had been well placed to deliver a very positive performance for the remainder of the year. As reported by the Company on 6 June 2023, the Company had reached an agreement with the bank to settle the balance by no later than 29 December 2023. The Company settled the outstanding balance on 28 June 2023, thereby taking advantage of an early settlement incentive which gave rise to c$1.4m of other income. All security arrangements were cancelled upon settlement.

As noted at note 16 the Lombard Odier loan was also settled in the period.

4. OPERATING LOSS/PROFIT

	2023 $000	2022 $000
Operating loss/profit is stated after charging/(crediting):		
Depreciation of property, plant and equipment (note 9)	2,641	2,181
Staff costs (see note 5)	4,228	4,276
Share based payment reserve expense (see note 21)	(165)	418
Lease expense	84	89
Loss on fair value of Biological assets (see note 11)	-	156,983
Auditor’s remuneration:		
Audit services		
– fees payable to the Company’s auditor for the audit of the consolidated accounts	78	78
Fees payable to associates of the Company’s auditor		
– auditing the accounts of subsidiaries pursuant to legislation	99	76

5. EMPLOYEE INFORMATION

	2023 Number	2022 Number
The average monthly number of persons (including directors) employed by the Group during the year was:		
Carbon solutions	4	7
Forestry	408	393
Trading	8	9
	420	409

	2023 $000	2022 $000
The aggregate remuneration comprised:		
Wages and salaries	3,670	4,138
Social security costs	558	138
	4,228	4,276

	2023 $000	2022 $000
Directors' remuneration included in the aggregate remuneration above comprised		
Emoluments for qualifying services	874	841

Included above are emoluments of $238,000 (2022: $247,000) in respect of the highest paid director. Full details of directors' remuneration are included in the Directors' Report.

Pension contributions of $7,511 (2022: $6,936) were made on behalf of the directors and other staff members.

6. FINANCE COSTS

	2023 $000	2022 $000
Bank interest	516	741
Working capital facility interest	278	206
Convertible bond amortised interest	15	82
	809	1,029

7. TAXATION

	2023 $000	2022 $000
CURRENT TAX:		
Corporation and surface tax for the year	243	125
DEFERRED TAX:		
Origination and reversal of temporary differences	-	(47,801)
Tax on profit/(loss) on ordinary activities	243	(47,676)

Group	2023 $000	2022 $000
(Loss)/profit before tax	(7,882)	(158,867)
(Loss)/profit before tax multiplied by the average rate of corporation tax of 16% (2022: 15%)	(1,261)	(23,830)
Effects of:		
Losses carried forward/(utilised)	1,270	(199)
Non-taxable foreign exchange gain	(30)	(147)
Non-taxable movement in fair value of biological assets	-	(24,249)
Non-deductible share-based payment expense	-	63
Non-deductible other expenditure	264	457
Reclassification of FCTR[9] on deregistered entities	-	229
Group tax charge/(credit) for the year	243	(47,676)

The prevailing tax rates of the operations of the Group range between 3% and 32%. Therefore, a rate of 16% (2022:15%) has been used as it best represents the average tax rate experienced by the Group. The Group has estimated losses of $34m (2022: $26m) available to carry forward against future taxable profits. $5.7m of these losses relate to the Mozambiquan operations that were divested of post year end (see note 24) and which may fall away upon the sale. Tax losses utilized during the year related principally to profits realised by subsidiaries in certain jurisdictions. No deferred tax assets have been recognised in respect of losses due to the unpredictability of future taxable profit. All unused tax losses may be carried forward indefinitely for most entities. Unused tax losses arising from Mozambique may be carried forward for a five-year period.

The movement in the year in the Group's recognised net deferred tax position was as follows:

Deferred tax liabilities	2023 $000	2022 $000
At 1 January	58,675	106,475
Decrease in deferred tax liability: fair value adjustment of Biological Assets	-	(47,795)
Decrease in deferred tax liability: property, plant and equipment	-	(5)
Increase in deferred tax liability: fair value adjustment on property, plant and equipment	5	-
At 31 December	58,680	58,675

Deferred tax reconciliation

Deferred tax assets / (liabilities)	2023 $000	2022 $000
Deferred tax liability on the fair value adjustment of Biological Assets	(53,945)	(53,945)
Deferred tax liability on property, plant and equipment	-	5
Deferred tax liability on the fair value adjustment on property, plant and equipment	(4,735)	(4,735)
At 31 December	(58,680)	(58,675)

[9] Foreign currency translation reserve

8. EARNINGS PER SHARE

Summary:

	2023	2022
	cents	cents
Basic (loss)/earnings per share	(0.24)	(4.47)
Diluted earnings per share	(0.24)	(4.47)

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average aggregate number of Voting and Non-Voting Ordinary Shares in issue during the year.

The calculation of diluted EPS has been based on dividing the profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

The Company has incurred a loss in the year ended 31 December 2023, and therefore the diluted earnings per share is the same as the basic loss per share as the loss has an anti-dilutive effect.

	2023	2022
	$000	$000
Total (loss)/profit for the year	(8,125)	(110,191)

The earnings used for diluted earnings per share are the same as the earnings used for basic earnings per share, which equates to loss attributable to the owners of the Company of $8.1m.

Reconciliation of shares in issue to weighted average and dilutive weighted average number of ordinary shares	2023	2022
	'000	'000
Shares in issue at beginning of year	2,489,988	2,482,117
Treasury shares	(19,138)	-
Shares issued during the year weighted for period in issue (note 18)	983,562	3,894
Weighted average number of ordinary shares in issue for the year	**3,454,412**	**2,486,011**
Conversion of convertible bonds	-	15,740
Dilutive weighted average number of ordinary shares in issue for the year	**3,454,412**	**2,501,751**

9. PROPERTY, PLANT AND EQUIPMENT

	Land & buildings	Motor vehicles	Plant & equipment	Fixtures & IT equipment	Total
	$000	$000	$000	$000	$000
COST					
AT 1 JANUARY 2022	15,431	6,194	14,574	431	36,630
Additions	-	1,715	2,929	1,478	6,122
Disposals	-	(26)	-	(280)	(306)
Effects of foreign exchange	(884)	(306)	(484)	(799)	(2,473)
AT 31 DECEMBER 2022	14,547	7,577	17,019	830	39,973
Additions	-	429	945	73	1,447
Disposals	-	(98)	(425)	-	(523)
Effects of foreign exchange	523	(239)	(602)	(355)	(673)
AT 31 DECEMBER 2023	15,070	7,669	16,937	548	40,224
DEPRECIATION					
AT 1 JANUARY 2022	-	2,272	4,152	87	6,511
Charge for the year	-	742	1,390	49	2,181
Disposals	-	(26)	-	-	(26)
Effects of foreign exchange	-	(95)	(826)	2	(919)
AT 31 DECEMBER 2022	-	2,893	4,716	138	7,747
Charge for the year	-	956	1,572	113	2,641
Disposals	-	(53)	(282)	-	(335)
Effects of foreign exchange	-	(5)	(16)	(2)	(23)
AT 31 DECEMBER 2023	-	3,791	5,990	249	10,030
NET BOOK VALUE					
AT 31 DECEMBER 2022	14,547	4,684	12,303	692	32,226
AT 31 DECEMBER 2023	15,070	3,878	10,947	299	30,194

On acquisition of an asset, the estimated useful life is determined. The residual values for the majority of assets, except for Land and Buildings, are assumed to be zero.

10. REVALUATION OF LAND AND BUILDINGS

It is the Company's policy to revalue Owner Occupied Land and Buildings every 4 to 6 years based on the understanding of the property market and budgeted capex spend.

The date of the previous revaluation was May 2021. The Company engaged an external, independent property valuer, having the appropriate recognised professional qualifications and experience, to determine the fair value of the Group's Owner Occupied Land and Buildings located in Gabon. A revaluation net gain of $6.3m (comprised of a gross gain of $8.9m net of deferred tax of $2.6m) was recognised in Other Comprehensive Income in 2021.

The Company acquired the Land and Buildings in June 2017 and at that time, the fair value, at initial recognition was $7.2m. Therefore, the carrying amount for those assets, if the cost model had been applied by the Company, would have been 2023: $7.2m (2022: $7.2m).

The replacement cost approach was used to determine the fair value. The replacement cost method involves arriving at an asset's value by reference to the present-day cost, in an arms-length transaction, of replacing that asset with a similar asset in a similar condition. Average construction prices in the area were used to determine the fair value. A deterioration percentage estimate was then applied against the fair value to represent the asset's current condition.

Significant unobservable inputs used to calculate the fair value include:

- Estimated construction prices per m^2. The estimated fair value would increase (decrease) if the construction prices would be lower (higher).
- Deterioration percentage estimate. The estimated fair value would increase (decrease) if the deterioration percentage estimate would be lower (higher).

The fair value measurement for the land and buildings has been categorised as a level 3 fair value based on the inputs used in the valuation technique.

Please refer to note 9 for a reconciliation of the carrying amount of land and buildings.

Management is not aware of any factors that impacted property valuations in Gabon and therefore noted that during 2023 the fair value of the revalued asset, when stated in its local currency, did not differ materially from its carrying amount and therefore no revaluation was performed in 2023.

11. BIOLOGICAL ASSETS

Standing timber	2023 $000	2022 $000
Carrying value at beginning of year	179,815	336,798
Fair value movement	-	(156,983)
Carrying value at end of year	179,815	179,815

Carrying value per location	2023 $000	2022 $000
Gabon	179,815	179,815
Mozambique	-	-
Carrying value at end of year	179,815	179,815

The Group's main class of biological assets comprise of standing timber held through forestry concessions of 20 years to which the Group as secured harvesting rights. The biological assets are located in Gabon in Mouila and Mimongo. Biological assets are carried at fair value less estimated costs to sell.

The methods and assumptions used in determining the fair value of standing timber within the forestry concessions held is based on IAS 41 Agriculture, applicable to companies that hold biological assets, which uses discounted cash flow models and which require a number of significant judgements to be made by the directors in respect of sales price, operational cost, discount rates, growth rates, legislative rulings and operating effectiveness. As with all discounted cash flow valuations on long-term assets, small changes to input variables can create significant changes to the resultant valuation.

Following the fair value assessment in 2023, no movement of biological asset was recognised. Fair value of the biological asset was $179.8m for the year ending 2023.

Although the Group experienced an increase in its average actual borrowing rates in 2023, the risk-free rate, equity and country specific risk rates which also impacts on the valuation decreased, resulting in an overall reduced discount rate. The effect of this rate change was set off against the effect of the Group's decision to revise downwards its anticipated forward looking harvesting rates based on the current expected harvesting activities, the potentially more economic option to buy in third party logs in the wet seasons and given that the Company is in the process of combining its two concession management plans into a single management plan where the Annual Permitted Cut may be subject to change depending on the government's view of sustainable harvesting in the combined plan and legislative changes both with regards to the size of the area and species. Such changes may impact the carrying value of the biological assets held.

Harvesting levels are regulated by the Annual Permitted Cut ("APC") (total m^3 per species) set in each management plan and approved at government level and can be reviewed and increased periodically, while continued sustainability is ensured. The level of assumed harvesting volume is 221,983m^3 (2022: 237,983m^3). This is based on the current expected forward looking harvesting activities and falls within the historically approved APC.

The valuation model assumes a discount rate of 16% (2022: 18%). The discount rate has been calculated using a weighted average cost of capital ("WACC") methodology. Our comparable company base is made up of Africa-focused and global forestry companies which management consider would be categorized in the same sector as Woodbois. Relevant equity and country risk premiums have been used for Gabon. The decrease in the discount rate from the prior year is due mainly to the decrease in the risk-free rate, and the country risk premium which is used in calculating the WACC.

Fair value has been determined internally by discounting a 5-year pre-tax cash flow projection (Level 3 of the fair value hierarchy) based on a mix of wood species within the concession areas. Real cost of production has been factored in going forward.

The following sensitivity analysis shows the effect of an increase or decrease in significant assumptions used:

	Impact on year end fair value of biological assets	
	2023 $000	2022 $000
Effect of 1% increase in the discount rate	(14,014)	(10,694)
Effect of 1% decrease in the discount rate	12,079	12,197
Effect of 10% increase in assumed harvesting volume	13,645	18,374
Effect of 10% decrease in assumed harvesting volume	(13,645)	(18,374)
Effect of 10% increase in sales price	21,318	21,158
Effect of 10% decrease in sales price	(21,318)	(21,158)

12. TRADE AND OTHER RECEIVABLES

	2023 $000	2022 $000
Trade receivables	3,794	4,561
Other receivables	337	12
Deposits	372	128
Current tax receivable	16	16
VAT receivable	379	174
Prepayments	502	1,439
	5,400	6,330

The directors consider that the carrying amount of trade and other receivables approximates their fair value. Refer to Note 14 for details of the trade debt aging profile and for the Group's impairment policy.

13. INVENTORY

	2023 $000	2022 $000
Finished goods	1,275	2,377
Stock in transit	496	2,229
	1,771	4,606

Provision for net realisable value amounted to $nil (2022: $nil).

14. FINANCIAL INSTRUMENTS

CAPITAL RISK MANAGEMENT

The Company manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders. The overall strategy of the Company and Group is to minimise costs and liquidity risk.

The capital structure of the Group consists of equity attributable to equity holders of the parent, comprising issued share capital, share premium, reserves (foreign exchange reserve and share based payment reserve) and retained earnings as disclosed in the Consolidated Statement of Changes in Equity.

The Group is exposed to a number of risks through its normal operations, the most significant of which are interest, credit, foreign exchange and liquidity risks. The management of these risks is vested in the board of directors.

The sensitivity has been prepared assuming the liability outstanding at the balance sheet date was outstanding for the whole period. In all cases presented, a negative number in profit and loss represents an increase in finance expense / decrease in interest income.

CATEGORISATION OF FINANCIAL INSTRUMENTS

2023 Financial assets/(liabilities)	Financial assets at amortised cost $000	Financial assets at fair value $000	Financial liabilities at amortised cost $000	Financial liabilities at fair value $000	Total $000
Trade and other receivables	4,501	-	-	-	4,501
Cash and cash equivalents	527	-	-	-	527
Trade and other payables	-	-	(2,190)	-	(2,190)
Borrowings	-	-	(3,855)	-	(3,855)
	5,028	-	(6,045)	-	(1,017)

2022 Financial assets/(liabilities)	Financial assets at amortised cost $000	Financial assets at fair value $000	Financial liabilities at amortised cost $000	Financial liabilities at fair value $000	Total $000
Trade and other receivables	4,701	-	-	-	4,701
Cash and cash equivalents	2,296	-	-	-	2,296
Trade and other payables	-	-	(2,465)	-	(2,465)
Borrowings	-	-	(14,268)	-	(14,268)
Convertible bond liability	-	-	(748)	-	(748)
	6,997	-	(17,481)	-	(10,484)

FAIR VALUE MEASUREMENTS RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

The following provides an analysis of the Group's financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 & 2 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 2 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).
- Level 3 assets are assets whose fair value cannot be determined by using observable inputs or measures, such as market prices or models. Level 3 assets are typically very illiquid, and fair values can only be calculated using estimates or risk-adjusted value ranges.

At the year end, included in property, plant and equipment, there is land and buildings held at fair value of $15m (2022: $14.5m) measured in accordance with level 3 and Biological Assets of $179.8m (2022: $179.8m) measured in accordance with level 3 of the fair value hierarchy.

EQUITY PRICE RISK

The Group is exposed to equity price risks arising from equity investments. Equity investments are held for both strategic and trading purposes.

MANAGEMENT OF MARKET RISK

The most significant area of market risk to which the Group is exposed is interest rate risk.
The risk is limited to the reduction of interest received on cash surpluses held and the increase in the interest on borrowings.

Majority of the Company's debt was based on floating interest rates with links or exposure to movements in LIBOR.

The following table details the group's exposure to interest rate changes, all of which affect profit and loss only with a corresponding effect on accumulated losses.

	2023 $000	2022 $000
+ 20 bp increase in interest rates	(11)	(26)
+ 50 bp increase in interest rates	(26)	(65)
+ 100 bp increase in interest rates	(53)	(130)

The table above is prepared on the basis of an increase in rates. A decrease in rates would have the opposite effect.

GROUP	2023 Fixed rate $000	2022 Fixed rate $000	2023 Floating rate $000	2022 Floatin g Rate $000	2023 Total $000	2022 Total $000
Borrowings	-	(5,028)	(3,855)	(9,240)	(3,855)	(14,268)
Cash and cash equivalents	-	-	527	2,296	527	2,296
Convertible bond liability	-	(748)	-	-	-	(748)
Total	-	(5,776)	(3,328)	(6,944)	(3,328)	(12,720)

MANAGEMENT OF CREDIT RISK

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investments in debt securities. Credit is only rarely granted and for strategic purposes.

The carrying amount of financial assets represents the maximum credit exposure.

The principal financial assets of the Company and Group are bank balances and receivables. The Group deposits surplus liquid funds with counterparty banks that have high credit ratings. Cash is sometimes placed with certain institutions in support of trading positions. The Group deposits such funds with large well-known institutions and the directors consider the credit risk to be minimal.

The Group's maximum exposure to credit by class of individual financial instrument is shown in the table below:

	2023 Carrying Value $000	2023 Maximum Exposure $000	2022 Carrying Value $000	2022 Maximum Exposure $000
Cash and cash equivalents	527	527	2,296	2,296
Trade and other receivables	4,501	4,501	4,701	4,701
Total	5,028	5,028	6,997	6,997

TRADE RECEIVABLES

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance.

The only impact on the Group is in relation to the impairment of trade receivables as detailed below.

The expected loss rates are based on the payment profiles of sales over a period of 36 month before 31 December 2023 or 2022 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The group has identified the GDP and the unemployment rate of the countries in which it sells its goods to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the failure of a debtor to engage in a repayment plan with the group and a failure to make contractual payments. Impairment losses on accounts receivable are presented within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

On that basis, the loss allowance as at 31 December 2023 and 31 December 2022 were determined as follows for both trade receivables and contract assets:

	More than 120 days past due	More than 90 days past due	More than 60 days past due	More than 30 days past due	Current	Total
2023						
Expected loss rate	14.46%	0%	0%	0%	0%	12.67%
Gross carrying amount – trade receivables	3,807	39	37	36	427	4,346
Loss allowance	(550)	-	-	-	-	(550)
2022						
Expected loss rate	67.40%	0%	0%	0%	0%	12,84%
Gross carrying amount – trade receivables	997	425	1,531	1,151	1,159	5,233
Loss allowance	(672)	-	-	-	-	(672)

The closing loss allowances for trade receivables and contract assets as at 31 December reconcile to the opening loss allowances as follows:

	2023 $000	2022 $000
Opening loss allowance at 1 January	670	155
Increase in loss allowance recognised in profit and loss during the year	129	560
Receivables written off during the year as uncollectible	(249)	(43)
Closing loss allowance at 31 December	550	672

MANAGEMENT OF FOREIGN EXCHANGE RISK

The Group operates internationally and is exposed to foreign exchange risk arising from commercial transactions, translation of assets and liabilities and net investments in foreign operations. Exposure to commercial transactions arises from sales or purchases by operating companies in currencies other than the companies' functional currency. Currency exposures are reviewed regularly.

The Group has a limited level of exposure to foreign exchange rate risk through their foreign currency denominated cash balances:

	2023	2022
	$000	$000
Cash and cash equivalents		
GBP	9	16
EUR	3	572
DKK	1	1
MUR	9	-
CFA	24	271
MZN	16	14
USD	465	1,422
Total	527	2,296

The table below summarises the impact of a 10% increase in the relevant foreign exchange rates versus the US Dollar rate, on the Group's pre-tax profit for the year and on equity:

	2023 Income Statement	2022 Income Statement	2023 Equity	2022 Equity
IMPACT OF 10% RATE CHANGE	$000	$000	$000	$000
Cash and cash equivalents	(3)	(33)	(3)	(33)

The table above is prepared on the basis of an increase in rates. A decrease in rates would have the opposite effect.

MANAGEMENT OF LIQUIDITY RISK

Liquidity risk is the risk that the group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

The Group seeks to manage liquidity risk by regularly reviewing cash flow budgets and forecasts to ensure that sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Group deems there is sufficient liquidity for the foreseeable future.

The Group had cash and cash equivalents at 31 December as set out below.

	2023	2022
	$000	$000
Cash at bank	527	2,296

CONTRACTUAL MATURITY ANALYSIS

The Group has assessed the contractual maturity analysis as follows:

2023	0-3 months $000	3-12 months $000	1 – 5 years $000	Total $000
Assets by contractual maturity				
Trade and other receivables	896	4,504	-	5,400
Cash and cash equivalents	527	-	-	527
	1,423	4,504	-	5.927
Liabilities by contractual maturity				
Trade and other payables	(2,555)	(519)	-	(3,074)
Borrowings	(399)	(3,224)	(292)	(3,915)
	(2,954)	(3,743)	(292)	(6,989)
Net liabilities by contractual maturity	(1,531)	761	(292)	(1,062)

2022	0-3 months $000	3-12 months $000	1 – 5 years $000	Total $000
Assets by contractual maturity				
Trade and other receivables	1,263	5,067	-	6,330
Cash and cash equivalents	2,296	-	-	2,296
	3,559	5,067	-	8,626
Liabilities by contractual maturity				
Trade and other payables	(2,884)	(664)	-	(3,548)
Borrowings	-	(8,603)	(5,665)	(14,268)
Convertible bond liability	-	(748)	-	(748)
	(2,884)	(10,015)	(5,665)	(18,564)
Net liabilities by contractual maturity	675	(4,595)	(5,665)	(9,585)

15. TRADE AND OTHER PAYABLES

	2023 $000	2022 $000
Trade payables	1,145	1,213
Accruals	1,039	309
Contract liabilities (prepayments received)	750	892
Current tax payable	132	190
Other payables	7	920
Debt due to concession holders	1	23
	3,074	3,547

The directors consider that the carrying amount of trade and other payables approximates to their fair value.

16. BORROWINGS

	2023	2022
	$000	$000
Non-Current liabilities		
Business loans	292	1,757
Working capital facility	-	3,908
	292	5,665
Current liabilities		
Business loans	1,529	888
Bank overdraft	80	196
Working capital facility	1,954	7,519
	3,563	8,603
Total borrowings	3,855	14,268

The decrease in borrowings is mainly due to the following:

- Settlement of $6m revolving working capital facility at a discount (see note 3).
- Conversion of $2.25m working capital loan, with interest at 8.25% per annum, owing to Rhino Ventures to non-voting equity (see note 18).
- Settlement of short term, $1m working capital facility, with interest at 8.25% per annum, owed to Lombard Odier.

As at 31 December 2023 the trading division had the following outstanding borrowings:

Business loan with the Danish export credit fund, administered by a Danish bank that amounted to $0.9m (2022: $1.0m), carrying interest at 5.7%. A working capital facility of $1.95m with a Danish bank, carrying interest at 10.23%. The Danish Bank has registered a mortgage to the value of $2.7m over the inventory, receivables and cash of Woodbois International ApS. The Company has also provided a parent guarantee.

As at 31 December 2023 the forestry division had the following outstanding borrowings:

Business loans with a Gabonese bank that amounted to $0.9m. These loans carry an interest rate of between 13% and 14%. The purpose of the loans is for operational asset financing. A bank overdraft with a Gabonese bank amounted to $0.08m (2022: $0.2m) and carries an interest rate of 10%.

Woodbois Limited signed a parent guarantee to a maximum of $2m to a Gabonese bank.

The contractual maturity of borrowings has been assessed in Note 14.

The Group had undrawn facilities available at 31 December 2023 that amounted to $0.1m (2022: $0.1m).

17. CONVERTIBLE BONDS

	2023	2022
	$000	$000
Convertible bonds: Liability component	-	748
Convertible bonds: Equity component	-	24
Total	-	772
Convertible bond liability	-	477
Amortised interest	-	271
Total	-	748

The terms of the convertible bonds were as follows:

1. Final Redemption Date of 30 June 2023
2. Convertible at a price of 4p per ordinary share
3. Interest rate at zero percent

During 2022, $293,591 of the 2023 0% Convertible Bonds were converted into 5,871,820 Voting Ordinary Shares. The Convertible Bond terms specify conversion is at an exchange rate of £:$1.25 and 4p per Ordinary Share. The balance of the Bonds of c$0.75m was repaid on 5 July 2023.

18. SHARE CAPITAL

	Number	$000
Authorised: Ordinary shares of 0.01p* each	Unlimited	Unlimited
Allotted, issued and fully paid: Ordinary shares of 0.01p each		
AT 31 DECEMBER 2021	2,482,117,053	32,528
Shares issued	7,871,820	97
AT 31 DECEMBER 2022	2,489,988,873	32,625
Shares issued	1,800,000,000	3,217
AT 31 DECEMBER 2023	4,289,988,873	35,842
Voting	3,704,988,873	
Non-Voting	585,000,000	

* See note below: nominal value of ordinary shares reduced from 1.0p in June 2023 to 0.01p and a deferred share of 0.99p. The deferred shares were redeemed at no cost by the Company.

Balances classified as share capital include the nominal value on issue of the Company’s equity share capital, comprising ordinary shares of 0.01p each.

TREASURY SHARES

In January 2023 following a final adjustment in relation to the 2017 purchase of Woodbois International Aps, the Company received 19,138,147 ordinary voting shares which have been taken into Treasury.

ORDINARY SHARES

On 13 March 2023 the Company announced that gross proceeds of c$3.6m had been raised by way of a conditional placing of 250,000,000 new ordinary shares of 1p each in the Company at a price of 1.2 pence per New Ordinary Share.

On 30 May 2023, the Company announced that, as a result of the unexpected termination of a fully drawn c$6.0m bank facility with a Danish bank (see note 3), who had also unilaterally offset c$3.1m of the Company's cash in part repayment of the facility, the Company's share price had fallen below its then nominal value of 1p. As the Company's Articles of Association prohibit the issuance of shares at a discount to nominal value, there was a need to re-designate the nominal value. The directors convened a General Meeting for the purpose of proposing and voting on resolutions to reduce the nominal value of the ordinary shares to 0.01p and deferred share of 0.99p, but which did not change the number of ordinary shares in issue, as well as for the renewal and widening of the waiver of pre-emption rights to enable the Company to meet these exceptional circumstances.

On 16 June 2023 at the General Meeting, shareholders voted and all resolutions passed with >97% of votes in favour. The deferred shares were subsequently redeemed at nil cost by the Company.

On 28 June 2023, the Company announced that it has raised £6.0m by way of a subscription for new ordinary shares at a price of 0.5 pence (the "Subscription"). This satisfied the cash shortfall created when the $6m working capital facility was withdrawn, allowing the Company the flexibility to discharge its remaining obligations to the bank, whilst also benefiting from an agreed financial incentive for such repayment.

The Subscription formed part of a wider financing package, including a debt-for-equity swap of £1.75m and including the issuance of warrants:

- Subscription for £6.0m:

  A Subscription for 1,200,000,000 new ordinary shares of 0.01 pence each in the Company ("Ordinary Shares") (the "Subscription Shares"), raising £6.0m, at an issue price of 0.5 pence per Ordinary Share.

  800,000,000 Subscription Shares were subscribed for by CHCH Ventures FZ-LLP and 400,000,000 Subscription Shares were purchased by John Scott (together the "Subscribers").

- Conversion of existing debt to non-voting ordinary shares and issuance of a convertible loan

  The Company had a loan outstanding with Rhino Ventures Limited ("RVL") (see note 16), with a balance outstanding of $2.25m (inclusive of all accrued interest). Under the terms of a Deed of Capitalisation, the loan was capitalised, at the price of 0.5 pence per share, into 350,000,000 Non-Voting Ordinary Shares (the "Non-Voting Conversion Shares") and a redemption payment of £25,590 is due.

  The Company has also entered into a Commission Agreement with RVL, in respect of Miles Pelham's assistance in procuring the Subscription, under which RVL can elect to receive 60,000,000 new Voting Ordinary Shares (the "Commission Shares") and, subject to the passing of resolutions at a Company General Meeting, to grant Directors further authority to allot new shares on a non-pre-emptive basis (the "Commission Fee"). The Commission Fee equates to a 5% commission on the funds raised through the Subscription. As set out in note 24, the required resolutions were passed and RVL elected to receive the Commission Shares.

- Issuance of Warrants

  The Company issued 1,200,000,000 share warrants to the Subscribers on a 1 for 1 basis, in respect of the Subscription Shares. Each Warrant gives the holder the right to subscribe for one new Voting Ordinary Share at a price of 1 pence per Voting Ordinary Share, at any time until 29 June 2025 (the "Warrants").

  Under the terms of the Deed of Capitalisation and conditional on the passing of certain resolutions at a Company General Meetings as described above, RVL would also be issued with 350,000,000 Warrants on a 1 for 1 basis, in respect of the 350,000,000 Non-Voting Conversion Shares. These Warrants are over Non-Voting Ordinary Shares in Woodbois. Subject to the passing of those same resolutions, RVL could also elect under the Commission Agreement to receive 60,000,000 Warrants over Voting Ordinary Shares in the Company. As set out in note 24, the required resolutions were passed on 29 December 2023 and the Warrants were issued on 12 January 2024.

19. SHARE PREMIUM

	2023 $000	2022 $000
AT 1 JANUARY	65,549	65,254
Shares issued (note 18)	9,471	295
AT 31 DECEMBER	75,020	65,549

Balances classified as share premium include the net proceeds in excess of the nominal share capital on issue of the Company's equity share capital.

20. PROVISIONS

	2023 $000	2022 $000
AT 1 JANUARY	130	130
Movement	-	-
AT 31 DECEMBER	130	130

The balance comprises of one provision, to the amount of $0.1m, which relates to a tax dispute with the Mozambique tax authorities. The provision is classified as a current liability as at 31 December 2023.

21. SHARE BASED PAYMENT/LONG-TERM INCENTIVES

The Group operates two share option plans, under which certain directors, key employees and consultants have been granted options to subscribe for ordinary shares. All options are equity settled. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

The share option awards in issue as at 1 January 2023 totalled 112.0m shares under the Share Option Scheme: these were issued as of 6 August 2020 and are exercisable at 2p per share. The vesting of the awards is substantially geared towards material improvement in both operating results and share price appreciation.

On 1 March 2022, the Company issued LTIP's (long-term incentive plan) to its directors and key employees of which 15m were in issue at 31 December 2023 (38m in issue at 31 December 2022). The fair value of these LTIP's as at the grant date was determined by an independent specialist in financial valuations.

19m of the granted LTIP's are subject to TSR (Total Shareholder Return) linked criteria and were valued using a Monte Carlo simulation. 19m share options are subject to EBITDA-linked criteria and were valued using a Monte Carlo Simulation on the basis that they include a market-based exercise condition. Only market conditions have been considered in estimating the fair value of the LTIP's.

1. The key terms and conditions related to the LTIP's are as follows:

A. Market Performance Condition
• Grant Date: 1 March 2022
• Contractual life of LTIP's: 4.6 years
• Vesting conditions: Total Shareholder Return - The performance criteria sets out that of the total 38m LTIP's granted, up to 50% can vest in increments of 10% if the VWAP (Weighted Average Price) remains above each of the following thresholds for a period of 30 consecutive days: £0.06, £0.07, £0.08, £0.09 and £0.10. Full vesting of this 50% tranche will be achieved if the share price increases to over £0.10.

B. Non-Market Performance Condition
• Grant Date: 1 March 2022
• Contractual life of LTIP's: 4.6 years
• Vesting conditions: Target EBITDA – Of the total 38m LTIP's granted, 50% can vest at an incremental rate of 16.6% per annum by the Company achieving internal EBITDA targets for each of the financial years 2022-2024. Any vesting shall arise equally for the achieving of each target, which is subject to a cumulative "catch-up" being permitted.

C. Service Condition

- Recipients must be employed by Woodbois at the time of vesting and the share price must be above 6p at the exercise date. This condition applies to all of the granted share options.

The table below shows the input ranges for the assumptions used in the valuation models:

Fair value at grant date	£0.02 - £0.03
Exercise price	£0.01
Share price at grant date	£0.0405
Annual share price volatility (weighted average)	65%
Risk free rate	0.83%
Expected life	4.6 years

The annualised volatility in the share price was determined using the historical volatility of Woodbois Limited and other listed companies in similar businesses over a time period in line with the simulation period. A monthly volatility of 19.0% was used in the simulation (annual volatility of 65%).

2. The key terms and conditions related to the Share Options are as follows:

A. Market Performance Condition

- Grant Date: 6 August 2020
- Contractual life of options: 4 years
- Vesting conditions: Total Shareholder Return – 50% of the share options are subject to the Market Performance Condition whereby none will vest at a share price of 2p; one third of these options will vest on a straight-line basis between a share price of 2-4p; two thirds will vest on a straight-line basis between a share price of 4-6p per share, and full vesting will occur when the share price exceeds 6p, each vesting being based on the volume weighted average share price over a period of 30 days. All of these options had vested by the end of 2021.

B. Non-Market Performance Condition

- Grant Date : 6 August 2020
- Contractual life of options: 4 years
- Vesting Conditions: Target EBITDA – 50% of the share options are subject to Non-Market Performance Conditions, whereby 12.5% of these options can vest per annum based on achieving internal EBITDA targets for each of the financial years 2020-2023. There is also a cumulative provision whereby a shortfall (or excess) in one or more years can be offset against other years for the purposes of vesting. As of the date hereof a quarter of these share options have vested.

C. Non-Subject to Performance Criteria

- Grant Date: 6 August 2020
- Contractual life of options: 4 years
- A one-off award of 10m share options was made to Mr G Thomson (Senior Independent Non-Executive). In accordance with corporate governance advice, his options are not subject to performance criteria but may not vest for 4 years from the time of grant.

57.25m of the granted share options are subject to TSR (Total Shareholder Return) linked criteria and were valued using a Monte Carlo simulation. 57.25m share options are subject to EBITDA-linked criteria and were valued using a Black Scholes Option Pricing Model. The fair value of the 10m Share Options which are not subject to performance criteria were valued using a Black Scholes Option Pricing Model. Only market conditions have been considered in estimating the fair value of the LTIP's.

The table below shows the input ranges for the assumptions used in the valuation models:

Fair value at grant date	£0.0097 – £0.0104
Exercise price	£0.02
Share price at grant date	£0.0215
Annual share price volatility (weighted average)	62%
Risk free rate	0.1%
Expected life	4 years

The annualised volatility in the share price was determined using the historical volatility of Woodbois Limited and other listed companies in similar businesses over a time period in line with the simulation period. A monthly volatility of 18.0% was used in the simulation (annual volatility of 62%).

Reconciliation of the total Share Options and LTIP's in issue:

	Total options	Weighted average strike price (Pence)
As at 31 December 2021	**114,000,000**	**2p**
Issue of LTIP's	38,000,000	1p
Exercised	(2,000,000)	(2p)
As at 31 December 2022	**150,000,000**	**(1.75p)**
Cancelled during the year	(75,312,500)	
As at 31 December 2023	**74,687,500**	

The following (credit)/charge has been recognised in the current financial year:

	2023 $000	2022 $000
AT 1 JANUARY	802	435
Share options exercised	-	(51)
Share based payment (credit)/expense	(165)	418
AT 31 DECEMBER	637	802

The credit in the current year arises as a result of the directors having re-assessed the probability of the vesting of the options.

The awards outstanding to directors who served throughout the year are:

Director	Total number of Share Options held as at 31 December 2023 (exercise price of 2p per Share)	Number of LTIP's held as at 31 December 2023 (exercise price of 0.01p per Share)	Total number of Shares under option
C Geddes (CFO)	22,500,000	4,000,000	26,500,000
G Thomson (Senior NED)	10,000,000	-	10,000,000

22. RECLASSIFICATION OF FOREIGN CURRENCY TRANSLATION DIFFERENCES ON DEREGISTERED ENTITIES

During 2022, the Group formally completed the deregistration of three dormant entities located in Tanzania. These three entities include Wami Agriculture Co. Limited, Magole Agriculture Limited and Milama processing Company Limited. As required by IFRS, the Group reclassified the foreign currency translation differences that arose on historical consolidation of those entities ($1.5m) from the FCTR (equity) to profit or loss in 2022.

23. RELATED PARTY TRANSACTIONS AND RELATED PARTY BALANCES

RELATED PARTY BALANCES

	2023 $000	2022 $000
Loan from Rhino Ventures	-	(2,162)
Loan from Lombard Odier	-	(1,022)
AT 31 DECEMBER	-	(3,184)

RELATED PARTY TRANSACTIONS

	2023 $000
Interest paid to Rhino Ventures (Note 16)	93
Interest paid to Lombard Odier (Note 16)	35
AT 31 DECEMBER	128

As set out in note 16, the short-term facility owned to Lombard Odier was settled in June 2023 and the unsecured facility from Rhino Ventures was converted to equity (see note 18).

In June 2023 a commission agreement was entered into between the Company and Rhino Ventures (Note 18 and note 24).

TRADING TRANSACTIONS

During the year the Group companies entered into the following transactions with related parties:

	2023 Transactions in year $000	2023 Balance at 31 December $000	2022 Transactions in year $000	2022 Balance at 31 December $000
Loans to subsidiary undertakings	7,905	25,209	14,364	17,304

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

The Group's key management personnel comprised the following:

2023	Short-term employment benefits		
	Salaries, fees & national insurance contributions $000	Benefits $000	Total $000
Directors			
P Dolan (resigned 28 September 2023)	183	-	183
H Ghossein (resigned 1 November 2023)	201	-	201
C Geddes **	238	-	238
G Thomson	93	-	93
D Rothschild ***	155	-	155
G Theuns **(appointed 4 December 2023)	4	-	4
Total	874	-	874

** Paid through a service company
***Paid partly through a service company

2022	Short-term employment benefits Salaries, fees & national insurance contributions $000	Benefits $000	Total $000
Directors			
P Dolan	200	-	200
H Ghossein *	190	38	228
F Tonetti (resigned 16 April 2022)	100	1	101
C Geddes **	200	-	200
G Thomson	62	-	62
D Rothschild	50	-	50
H Turcan *** (resigned 17 October 2022)	-	-	-
	802	39	841

*Excludes deferred acquisition payments made during the year directly to or to companies owned and controlled by H Ghossein ($0.25m).
** Paid through service companies
***H Turcan was a representative of Lombard Odier and received no fees.
All of the above directors' remunerations exclude national insurance contributed by the employer.

24. EVENTS OCCURRING AFTER THE REPORTING DATE

- On 12 January 2024, the Company announced that under authorities granted at its AGM on 29 December 2023, and elections subsequently received from the beneficiary, it was issuing deferred consideration as set out in the Financing Package detailed in the RNS dated 28 June 2023.

  Under the Commission Agreement, the Company had received an election to issue 60,000,000 new Voting Ordinary Shares to the beneficiary. Admission of the shares become effective on 17 January 2024.

  The Company had also received an election to issue 60,000,000 warrants convertible into Voting Ordinary Shares, and 350,000,000 warrants convertible into Non-Voting Ordinary Shares, each exercisable at 1p per share until 29 June 2025.

- On 8 February 2024, the Company announced the conditional entering into of a term sheet for a trading $5m facility. The facility is to allow the Company to rapidly expand its third-party and own production trading.

- On 8 February 2024, the Company announced the exercise of 200m warrants at 1p per share, generating £2.0m for the Company. The Company also issued 200m 2-year warrants, exercisable at 1.5p per Company voting ordinary share.

  Following Admission, the Company's total share issued capital is 4,549,988,873 ordinary shares, which consist of 3,945,850,726 voting ordinary shares, 19,138,147 treasury shares and 585,000,000 non-voting ordinary shares. The aforementioned figure of voting ordinary shares may be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to, their interest in the Company under the Financial Conduct Authority's Disclosure Guidance and Transparency Rules.

- Following the conversion, there is a total of 1,060,000,000 warrants for voting ordinary shares and 350,000,000 warrants for non-voting ordinary shares in issue, all exercisable at 1p per ordinary share until 29 June 2025, and 200,000,000 warrants over voting ordinary shares exercisable at 1.5p per ordinary share until 13 February 2026.

- On 9 June 2024, the Company announced that it had completed a Sale Agreement ("SA") for all the legal entities associated with its Mozambique operations to a local purchaser. These operations accounted for less than 1 per cent of Group turnover and net assets for the year ended 31 December

2023. The consideration of $1.0m is payable in installments, through to mid-2030. There is also a sliding scale share of any follow-on sales proceeds of up to 80% of the uplift in value if on-sold by the buyer within two years of the SA date.

- On 12 June 2024, the Company announced that it has completed a Sale Agreement ("SA") for all the legal entities associated with its Mozambique operations to a local purchaser. These operations accounted for less than 1 per cent. of Group turnover and net assets for the year ended 31 December 2022. The consideration of $1.0m is payable in installments, through to mid-2030. There is also a sliding scale share of any follow-on sales proceeds of up to 80% of the uplift in value if on-sold by the buyer within two years of the SA date.

- On 24 June 2024, the Company announced that it has completed the legal documentation and entered into a $5m trade finance facility. The new facility will provide the Company with the capital necessary to help it to:

    - expand its trading volumes
    - allow it to leverage new opportunities in the hardwood sector
    - enable it to commit to larger and more frequent transactions
    - enhance its supply chain efficiencies and logistics
    - further strengthen its position in the global hardwood market.

  Key terms

    - repayment of principal by 30.5.27
    - interest at 9.5% pa, payable monthly
    - the lender to approve each request for trade finance
    - secured by a Company guarantee, as well as a fixed and floating charge if requested.

25. ULTIMATE PARENT COMPANY

At 31 December 2023, the directors do not believe that there was an ultimate controlling party.