WOODBOIS Ltd.

WOODBOIS LIMITED

Unaudited Condensed Consolidated Interim Financial Statements

For the six months ended 30 June

2022

Company number 52184

Corporate details

Directors

Executives:

P Dolan	Chief Executive Officer
H Ghossein	Deputy Chair & Head of Gabon Operations
C Geddes	Chief Financial Officer

Non-Executives:

G Thomson	Chair and Senior Independent Non-Executive
D Rothschild	Independent Non-Executive Director
H Turcan	Non-Executive Director

Company Secretary

William Place Secretaries Limited
Dixcart House,
Sir William Place,
St Peter Port,
Guernsey, GY1 4EZ

Company number

52184 (Guernsey)

Company website

www.woodbois.com

Registered office

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Sir William Place
St Peter Port
Guernsey GY1 1GX

Nominated Adviser and Broker

Canaccord Genuity Limited
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London, EC2V 7QR

Lawyers to the Company (UK)

DWF LLP
Bridgewater Place
Water Lane, Leeds, LS11 5DY

Registrar

Neville Registrars Limited
Neville House
Steelpark Road
Halesowen, B62 8HD

Lawyers to the Company (Guernsey)

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Carey House
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Guernsey, GY1 4B2

Independent Auditor

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15 Westferry Circus
Canary Wharf
London, E14 4HD

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Financial Highlights

- H1 2022 revenue up 38% to $11.3m vs H1 2021 $8.2m
- H1 2022 Group gross profit up 59% to $2.7m vs H1 2021 $1.7m: margin improved to 23% from 20%
- H1 2022 EBITDAS[1] $1.1m vs H1 2021 $0.46m, up 141%
- First ever operating profit in H1 2022 of $15k vs $0.7m operating loss in H1 2021
- H1 2022 positive operating cash inflow (before income taxes and finance costs) of $0.2m vs outflow in H1 2021 of $2.2m
- Cash balance $2.1m as at 30 June 2022
- Period end working capital of $9.8m of which inventory was $6.4m and excluding short and longer-term bank and other loans of $12.4m
- 2022 on track to deliver strong revenue and profitability growth

Operational Highlights

- Total sawn timber production 9,565m^3 in H1 2022, a 37% increase over H1 2021.
- Total veneer production 2,740m^3 in H1 2022, a 50% increase on H1 2021.
- Best quarter and half-year for volume of product shipped since before the pandemic. Total number of containers shipped in Q2 2022 increased by 24% over Q1 2022
- The second veneer line installed at the factory in Mouila is currently undergoing final testing and will commence production in August. This will generate additional higher value product and will represent another significant milestone of achievement.
- Work on FSC certification has continued and is now over 60% complete and we aim for completion during 2023.

[1] Earnings before interest, tax, depreciation, amortization, share based payments and other non-cash items

CEO's Statement

H1 Financial performance

The Company generated a 38% increase in YOY revenues in H1 2022, with EBITDAS improving by 141% to $1,104k vs $459k in H1 2021, achieved through a further increase in levels of sawn-timber production and correspondingly higher sales volumes, underpinned by strict cost-efficiencies.

The Group delivered a 59% increase in gross profit compared to the same period for 2021 with margins improving to 23% for H1 2022 from 20% at H1 2021 reflecting robust demand and pricing. Having delivered positive EBITDAS consistently for the last 18 months, the Group also booked its first ever operating profit in H1 2022 of $15k compared to a $0.7m operating loss in H1 2021: this is especially significant given it includes the costs related to our Carbon Solutions division. Significantly, in H1 2022 the Company generated positive operating cash inflows (before tax and finance costs) of $0.2m for the first time compared to a loss of $2.2m for H1 2021.

EBITDAS	Six months to June 2022 $'000	Six months to June 2021 $'000
Loss before tax	(489)	(980)
Depreciation	977	1,002
Share based payment expense	175	167
Finance cost	441	270
EBITDAS	**1,104**	**459**

H1 gross margin within our own production division held stable at 32% while the margin from third party trading increased to 14.8% in H1 2022 compared to 11.3% for H1 2021. Operating and Administration expenses increased by 18% when compared to the same period for 2021, as we continued to recruit additional high-quality personnel to drive and scale the business, including those related to the Carbon Solutions division. The management team continued to exert a strong influence over the items within their control, providing confidence that the Company is on track to drive revenues to a level substantially in excess of fixed and variable operating costs.

Finance costs increased by $0.2m (63%) from the same period in 2021 reflecting the increase in the Group's borrowings from a very low level in 2021, but for context, finance costs remain 79% lower than in H1 2020. The $2m unsecured facility agreed with Rhino Ventures, was fully drawn down in February 2022 to fund the increase in working capital required due to higher volumes of production. The working capital facility available to the trading division through its Danish banking partners was increased by $2.3m and has also been drawn down, helping to accelerate trading growth. $1m of the $2m conditional facility agreed with Lombard Odier was also utilised in June 2022 as a short-term measure.

The funds provided by the new borrowings also enabled the Company to keep pace with the uptick in demand and business activity towards the latter part of H1 2022 over H2 2021, resulting in additional investment in working capital, particularly Trade receivables and Inventory. Total period end working capital is $9.8m (Dec 2021: $7.7m), including cash of $2.1m (Dec 2021: $0.9m), excluding loans of $12.4m (Dec 2021: $8.3m).

The primary goal for the Group is to consistently increase levels of positive cash flow via the delivery of greater volumes of high-quality product, improve the ratio of high-value hardwoods and veneers within our product mix, and through incrementally improving margins in all areas of the business to provide the strongest possible foundations upon which to drive scale.

CEO's Statement *… continued*

Production and trading

Total output at the sawmill and veneer factory in Gabon increased by 37% and 50% respectively on a year over year basis for the period, with both facilities consistently achieving their highest levels of production to date thanks to implementation of enhanced best practices, improved programmes for maintenance of equipment and full involvement, motivation and training of staff. Particular credit must go to the team at the veneer factory for achieving this result despite the ongoing heavy engineering work that has been required to install the second veneer line within the existing factory, which is now undergoing final testing and is expected to be fully functioning this month. A total of $1.2m in capex has been allocated to the veneer factory to date during 2022 for this and other improvements and the expanded factory will signal another major milestone in the growth of the Company once the second veneer line is fully operational, further boosting output capacity, revenue and bottom-line potential.

Our continued investment in proprietary trading technology was rewarded during H12 2022 as gross profit margins within the trading division of 14.8%, were almost a threefold increase on FY 2020, while gross profit margins on the higher levels of our own production remained consistent at 32%. It should be noted that these have been delivered against a backdrop of continued disruption being experienced at many ports around the world, including Libreville, and that the cost of shipping goods has remained at elevated levels during the period.

Woodbois' profile has continued to grow in Gabon, and more widely in Africa and beyond, as our sales team has sought to broaden our customer base and prospect in new geographies to sell our products into. As output of higher-value product from our factories increases, markets where premium pricing can be achieved will increasingly be focused on, with bulk shipment of standard product directed towards high consumption markets. It is with this strategy in mind that sales team was well represented at both the Dubai and Nantes wood shows during H1 2022, and will also be prominent at Algeria Woodtech in September 2022 as we seek to expand in the rapidly growing North-African market and to our existing client base in Asia and the Middle East.

Mozambique

The Group continues to fund a limited level of operations on a largely care and maintenance basis in Mozambique while retaining the optionality to increase the scale of operations there, subject to the level of investment required and demand and pricing of product in the future. Management intends to dedicate time to exploring the potential for generating revenues from the carbon market for preserving forests in the country directly with the government of Mozambique.

Carbon Division

We are fortunate to have our core operations based in Gabon, one of the last countries in the world with high forest cover and low levels of deforestation (HFLD) of between 0 and 0.05%. In 2019 Gabon signed up to an independently audited, results-based agreement with the UN worth $150m, making it the first HFLD country in Africa to enter into such a payment agreement for emission reductions and removals through forest preservation. On 9th July 2022 the UN signed the 3rd phase of the CAFI (Central African Forest Initiative) program, congratulating Gabon on its contribution towards a 'transformation to a green and blue economy'. It is within this context that Woodbois submitted a comprehensive feasibility study and proposal to the Government of Gabon to develop a large-scale afforestation project in the country. Woodbois aims to be a standard bearer for best practice within Gabon as the country continues to show leadership on forest preservation on the world stage. It has been encouraging to see Gabon receive widespread recognition during H1 2022 for its work with the United Nations Framework Convention on Climate Change's REDD+ mechanism to create carbon credits and with the Central African Forestry Initiative backed by European governments, as well as becoming the 55th member of The Commonwealth in June 2022.

CEO’s Statement *… continued*

While we wait for government approval for our proposed initial large-scale afforestation project for carbon sequestration in Gabon, we continue to work to align our operations with the interests of the country through increasing employment, continued investment and commitment to achieving full FSC certification. We also continue to invest in this important division which we expect to be a key driver of medium to long-term revenues. We have high confidence in the future of carbon markets to continue to evolve positively and in line with shifting public and corporate attitudes as well as policy changes. We hope to receive the green light to commence our maiden project in H2 2022 which will be followed by a comprehensive four-year trial phase. The implementation of our initial project is intended to position the Company as a pioneer in this area, distinguishing Woodbois from the rapidly expanding group of consultants becoming active in the space. Few, if any, other listed companies have the combination of in-house financial structuring skills and on-the-ground implementation experience required to deliver on projects of such scale.

ESG

Woodbois has a clear social purpose ingrained within its DNA and our solid, verifiable ESG credentials are articulated clearly in the Company’s recently published Integrated Report for the year ending December 2021. The report details our strategy, performance, opportunities and future outlook in relation to material financial, economic, social and governance issues and explains how we strive to achieve balance in all facets of our operations while also addressing value-creation considerations for investors and all key stakeholders. From providing truly equal-opportunity-based employment (our veneer factory has 75% female staff), to our commitment to best environmental practice within our forest concessions, multiple community projects including linking villages through repairing roads and the donation of tools, to sponsoring UNICEF managed events for local children and forming a partnership with a cutting-edge, science-based forestry monitoring organisation, the Company strives to deliver positive social impact, something our staff are quite rightly proud of. The full report is available on the Company's website at: www.woodbois.com

FSC Certification

Woodbois ESG Team, Management team and outside consultant Silvafrica continued the process of creating the culture needed to demonstrate changes and dedication to the principles of the certification throughout the business in order to be fully prepared for audit by both Legal Source and FSC. In this regard, the focus during H1 2022 was on continuing to enhance our relationship with local communities, improve the quality of life of our employees, provide more health support to our staff, improve our employees’ transportation to and from work and empowering several employees to be members of our Health and Safety committee. Training was also provided to our harvesting team on best practices, Health and Safety and respect for the environment. At the end of H1 2022, following the guidelines of the FSC auditing system, our operations in Gabon are now over 60% compliant. We are aiming to become 100% compliant during 2023.

CEO's Statement *… continued*

Outlook

Having previously expressed confidence in the Group's ability to further increase output, continue to increase margins and grow the top line very significantly over time, I am understandably happy to provide confirmation and evidence thereof within this set of half year results. As noted previously however when the impact of the pandemic created such huge levels of uncertainty, immediate growth projections must of course carry a health warning, particularly given Covid's lingering disruptive effects on international trade, rising interest rates and the inflationary effects of the war in Ukraine on the global macro-economic environment. Ultimately, global demographics and the supply demand imbalance for sawn timber is in our favour, and operators like ourselves are protected from inflationary pressures on our raw material input through ownership of the whole supply chain from forest to buyer. In common with most other manufacturing companies however, we are not immune to higher energy costs and fuel shortages and it is clear that due to these and other inflationary pressures, economies in some parts of the world may experience a period of lower levels of growth or indeed slip into recession. We will therefore continue to carefully monitor risk exposure at both a country and customer level and will use the levers at our disposal such as switching geographic sales direction in line with prevailing economic conditions in order to minimise any potential margin erosion. The challenges of the last two years have forced the Company to become nimble, resilient, efficient and adaptable, all qualities that are likely to be required in order to maintain progress and continue to deliver growth in the months ahead.

Our emphasis on efficiency, sustainability, transparency and best practice will continue as they are key to our corporate identity, and we expect will only offer increasing appeal to customers and investors as the transition to a net zero carbon economy gathers momentum.

As ever, your board express their sincere gratitude to our colleagues and to all of our staff for their contribution towards such significant improvements to key performance metrics, and for delivering on more key milestones as we seek to build an industry-leading business.

Paul Dolan
CEO
3 August 2022

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2022

	Notes	Six months to 30 June 2022 (Unaudited) $'000	Six months to 30 June 2021 (Unaudited) $'000	Year to 31 December 2021 (Audited) $'000
Turnover		11,318	8,220	17,465
Cost of sales		(8,665)	(6,553)	(13,970)
Gross profit		2,653	1,667	3,495
Operating costs		(1,576)	(1,454)	(3,620)
Administrative expenses		(750)	(521)	(1,324)
Depreciation		(137)	(179)	(326)
Share based payment expense	13	(175)	(167)	(233)
Gain on fair value of biological assets		-	-	4,253
Operating profit/(loss)		15	(654)	2,245
Gain on bargain purchase		-	-	88,292
Foreign exchange loss		(63)	(56)	756
Finance costs	4	(441)	(270)	(591)
(Loss)/profit before tax		(489)	(980)	90,702
Taxation	5	(44)	46	(591)
(Loss)/profit for the period		**(533)**	**(934)**	**90,111**
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
Revaluation of land and buildings, net of tax		-	6,254	6,254
Items that may be reclassified subsequently to profit or loss				
Currency translation differences		(2,053)	(690)	(3,032)
Total comprehensive (loss)/income for the period		**(2,586)**	**4,630**	**93,333**
Basic (loss)/earnings per share (cents)	6	(0.02)	(0.04)	3.69
Diluted (loss)/earnings per share (cents)	6	(0.02)	(0.04)	3.65

Condensed Consolidated Statement of Financial Position

As at 30 June 2022

	Notes	30 June 2022 (Unaudited) $'000	30 June 2021 (Unaudited) $'000	31 December 2021 (Audited) $'000
ASSETS				
Non-current assets				
Biological assets		336,798	204,223	336,798
Property, plant and equipment		29,293	29,944	30,119
Total non-current assets		**366,091**	**234,167**	**366,917**
Current assets				
Trade and other receivables	7	4,777	5,179	4,616
Inventory		6,382	5,134	6,159
Cash and cash equivalents		2,091	6,321	887
Total current assets		**13,250**	**16,634**	**11,662**
TOTAL ASSETS		**379,341**	**250,801**	**378,579**
LIABILITIES				
Non-current liabilities				
Borrowings	9	(5,208)	(4,139)	(2,898)
Deferred tax	5	(106,475)	(67,383)	(106,475)
Convertible bonds – host liability	10	-	(885)	(931)
Total non-current liabilities		**(111,683)**	**(72,407)**	**(110,304)**
Current liabilities				
Trade and other payables	8	(3,351)	(2,677)	(4,078)
Borrowings	9	(7,162)	(5,397)	(5,369)
Provisions		(130)	(140)	(130)
Contingent acquisition liability		-	(500)	(250)
Convertible bonds – host liability	10	(712)	-	-
Total current liabilities		**(11,355)**	**(8,714)**	**(9,827)**
TOTAL LIABILITIES		**(123,038)**	**(81,121)**	**(120,131)**
NET ASSETS		**256,303**	**169,680**	**258,448**
EQUITY				
Share capital	11	32,601	32,528	32,528
Share premium	12	65,475	65,254	65,254
Convertible bonds – equity component	10	24	52	52
Foreign exchange reserve		(10,376)	(5,981)	(8,323)
Share based payment reserve	13	610	393	435
Revaluation reserve		6,254	6,254	6,254
Retained earnings		161,715	71,180	162,248
TOTAL EQUITY		**256,303**	**169,680**	**258,448**

Approved by the board and authorised for issue on 3 August 2022.

P Dolan
Chief Executive Officer

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

	Share capital $'000	Share premium $'000	Convertible bonds $'000	Foreign exchange reserve $'000	Share based payment reserve $'000	Revaluation reserve $'000	Retained Earnings $'000	Total equity $'000
Balance at 1 January 2021	**31,119**	**58,609**	**52**	**(5,291)**	**226**	**-**	**72,113**	**156,828**
Loss for the period	-	-	-	-	-	-	(933)	(933)
Other comprehensive income	-	-	-	(690)	-	6,254	-	5,564
Total comprehensive loss for the period	**-**	**-**	**-**	**(690)**	**-**	**6,254**	**(933)**	**4,631**
Transactions with owners:								
Issue of ordinary shares	1,409	6,645	-	-	-	-	-	8,054
Share based payment expense	-	-	-	-	167	-	-	167
Balance at 30 June 2021	**32,528**	**65,254**	**52**	**(5,981)**	**393**	**6,254**	**71,180**	**169,680**
Profit for the period	-	-	-	-	-	-	91,044	91,044
Other comprehensive income	-	-	-	(2,342)	-	-	-	(2,342)
Total comprehensive profit for the period	**-**	**-**	**-**	**(2,342)**	**-**	**-**	**91,044**	**88,702**
Transactions with owners:								
Share options forfeited	-	-	-	-	(24)	-	24	-
Share based payment expense	-	-	-	-	66	-	-	66
Balance at 31 December 2021	**32,528**	**65,254**	**52**	**(8,323)**	**435**	**6,254**	**162,248**	**258,448**
Loss for the period	-	-	-	-	-	-	(533)	(533)
Other comprehensive income	-	-	-	(2,053)	-	-	-	(2,053)
Total comprehensive loss for the period	**-**	**-**	**-**	**(2,053)**	**-**	**-**	**(533)**	**(2,586)**
Transactions with owners:								
Redemption of convertible bonds (note 10)	73	221	(28)	-	-	-	-	266
Share based payment expense (note 13)	-	-	-	-	175	-	-	175
Balance at 30 June 2022	**32,601**	**65,475**	**24**	**(10,376)**	**610**	**6,254**	**161,715**	**256,303**

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	Six months to 30 June 2022 (Unaudited) $'000	Six months to 30 June 2021 (Unaudited) $'000	Year to 31 December 2021 (Audited) $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before taxation	(489)	(980)	90,702
Adjustment for:			
Foreign exchange	63	56	(756)
Depreciation of property, plant and equipment	977	1,002	2,063
Fair value adjustment of biological asset	-	-	(4,253)
Transaction costs deducted from Equity	-	(42)	(42)
Share based payment expense	175	167	233
Finance costs	441	270	591
Accrued expense	222	460	391
Gain on bargain purchase	-	-	(88,292)
Increase in trade and other receivables	(161)	(1,285)	(838)
Decrease in trade and other payables	(769)	(1,609)	(460)
Increase in inventory	(223)	(242)	(1,267)
Cash inflow/(outflow) from operations	**236**	**(2,203)**	**(1,928)**
Income taxes paid	(8)	(44)	(57)
Finance cost paid	(306)	(206)	(495)
Net cash outflow from operating activities	**(78)**	**(2,453)**	**(2,480)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Expenditure on property, plant and equipment	(2,267)	(1,451)	(4,310)
Settlement of deferred consideration	(250)	-	(500)
Investment in acquired subsidiary	(214)	-	(1,107)
Net cash outflow from investing activities	**(2,731)**	**(1,451)**	**(5,917)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Inflows/(payments) from loans and borrowings	4,013	(446)	(1,387)
Proceeds from the issue of ordinary shares	-	8,111	8,111
Net cash inflow from financing activities	**4,013**	**7,665**	**6,724**
Net increase/(decrease) in cash and cash equivalents	**1,204**	**3,761**	**(1,673)**
Cash and cash equivalents at start of period	887	2,560	2,560
Cash and cash equivalents at end of the period	**2,091**	**6,321**	**887**

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

1. BASIS OF PREPARATION

The condensed consolidated interim financial statements ('interim financial statements') for the six months ended 30 June 2022 have been prepared in accordance with the requirements of the AIM Rules for Companies. As permitted, the Group has chosen not to adopt IAS 34 "Interim Financial Statements" in preparing this interim financial information. The interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2021, which have been prepared in accordance with international accounting standards in accordance with the requirements of the Companies (Guernsey) Law 2008 applicable to Companies reporting under IFRS as adopted by the United Kingdom (UK). The interim 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.

The interim financial statements of Woodbois Limited are unaudited financial statements for the six months ended 30 June 2022. These include unaudited comparatives for the six-month ended 30 June 2021 together with audited comparatives for the year to 31 December 2021. The condensed financial statements do not constitute statutory accounts, as defined under section 244 of the Companies (Guernsey) Law 2008. The statutory accounts for the period to 31 December 2021, which were approved by the Board of Directors on 1 April 2022, have been reported on by the Group's auditors and have been delivered to the Guernsey Registrar of Companies. The report of the auditors on those financial statements was unqualified.

The accounting policies applied in preparing these financial statements are in terms of IFRS and are consistent with those applied in the previous annual financial statements for the year ended 31 December 2021.

The interim financial statements for the six months ended 30 June 2022 were approved by the Board of Directors on 3 August 2022.

Going Concern:

The interim financial statements have been prepared assuming that the Group will continue as a going concern in accordance with the recognition and measurement criteria of IFRS.

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 financial statements.

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

- The current state of the Group's life cycle;
- Review of profit and cash flow forecasts;
- Review of actual results against forecast;
- Timing of cash flows;
- Financial or operational risks; and
- The impact of COVID-19

The Directors have a reasonable expectation that the Group has or will have adequate resources to continue in operational existence for the foreseeable future, being 12 months from the date of approval of these interim financial statements and have therefore adopted the going concern basis of preparation in the interim financial statements.

Notes to the Condensed Consolidated Interim Financial Statements

… continued

2. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions concerning the future. It also requires management to exercise judgment in applying the Company's accounting policies and the reported amounts of assets and liabilities, revenue and expenses, and related disclosures.

Estimates and judgments are continually evaluated and are based on current facts, historical experience and other factors, including expectations of future events that are believed are reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual report.

3. SEGMENT 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.

The Group's CEO and CFO review the internal management reports of each division at least weekly, and the Board 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. All amounts are disclosed after taking into account any intra-segment and intra-group eliminations.

Notes to the Condensed Consolidated Interim Financial Statements
… continued

The following table shows the segment analysis of the Group's loss before tax for the six months period and net assets as at 30 June 2022:

	Forestry $000	Trading $000	Carbon Solutions $000	Total $000
INCOME STATEMENT				
Turnover	5,553	5,765	-	11,318
Cost of Sales	(3,757)	(4,908)	-	(8,665)
Gross profit	**1,796**	**857**	**-**	**2,653**
Operating costs	(614)	(585)	(377)	(1,576)
Administrative expenses	(211)	(182)	(357)	(750)
Depreciation	(137)	-	-	(137)
Share based payment expense	(44)	(44)	(87)	(175)
Segment operating profit/(loss)	790	46	(821)	15
Foreign exchange	(218)	155	-	(63)
Finance costs	(148)	(293)	-	(441)
Profit/(loss) before taxation	**424**	**(92)**	**(821)**	**(489)**
Taxation	(44)	-	-	(44)
Profit/(loss) for the period	**380**	**(92)**	**(821)**	**(533)**
NET ASSETS				
Assets:	369,694	9,647	-	379,341
Liabilities:	(4,920)	(11,643)	-	(16,563)
Deferred tax liability	(106,475)	-	-	(106,475)
Net assets	**258,299**	**(1,996)**	**-**	**256,303**

Notes to the Condensed Consolidated Interim Financial Statements
… continued

The following table shows the segment analysis of the Group's loss before tax for the six months to and net assets at 30 June 2021:

	Forestry $000	Trading $000	Carbon Solutions $000	Total $000
INCOME STATEMENT				
Turnover	3,422	4,798	-	8,220
Cost of Sales	(2,311)	(4,242)	-	(6,553)
Gross profit	**1,111**	**556**	**-**	**1,667**
Operating costs	(692)	(510)	(252)	(1,454)
Administrative expenses	(130)	(132)	(259)	(521)
Depreciation	(177)	(2)	-	(179)
Share based payment expense	(42)	(42)	(83)	(167)
Segment operating profit/(loss)	70	(130)	(594)	(654)
Foreign exchange	65	(121)	-	(56)
Finance costs	(101)	(169)	-	(270)
Profit/(loss) before taxation	**34**	**(420)**	**(594)**	**(980)**
Taxation	46	-	-	46
Profit/(loss) for the period	**80**	**(420)**	**(594)**	**(934)**
NET ASSETS				
Assets:	239,144	11,657	-	250,801
Liabilities:	(3,834)	(9,904)	-	(13,738)
Deferred tax liability	(67,383)	-	-	(67,383)
Net assets	**167,927**	**1,753**	**-**	**169,680**

4. FINANCE COST

	6 months to 30 June 2022 (Unaudited) $'000	6 months to 30 June 2021 (Unaudited) $'000	Year to 31 December 2021 (Audited) $'000
Interest on bank facilities	306	227	503
Interest on trade finance facility	71	-	-
Interest on convertible bonds	48	43	88
Other finance costs	16	-	-
Total	**441**	**270**	**591**

Finance costs increased due to an increase in working capital facilities provided by the Group's Danish banking partners ($2.3m) and Rhino Ventures ($2m). See note 9 for more information.

Notes to the Condensed Consolidated Interim Financial Statements

… continued

5. TAXATION

The prevailing tax rates in the geographies here the Group operates range between 3% and 32%. A rate of 19% best represents the weighted average tax rate experienced by the Group. As at 31 December 2021, the Group had estimated losses of $28 million (2020: $29 million) available to carry forward against future taxable profits. No deferred tax asset has been raised on these estimated losses.

The Group has recognised a net deferred tax liability of $106.5 million at 30 June 2022 (30 June 2021: $67.4 million, 31 December 2021: $106.5 million) and which mainly arose on the revaluation of biological assets and owner occupied land and buildings. This would only be payable on the sale of these assets at their book value.

6. EARNINGS PER SHARE

	6 months to 30 June 2022 (Unaudited) $'000	6 months to 30 June 2021 (Unaudited) $'000
Loss attributable to equity shareholders	(533)	(934)
Weighted average number of ordinary shares in issue ('000)	2,482,464	2,406,426
Basic and diluted loss per share (cents)	**(0.02)**	**(0.04)**

The Company has incurred a loss in the six-month period to 30 June 2022, and therefore the diluted earnings per share is the same as the basic loss per share as the loss has an anti-dilutive effect.

Reconciliation of shares in issue to weighted average number of ordinary shares:

	6 months 30 June 2022 (Unaudited) $'000	6 months 30 June 2021 (Unaudited) $'000
Shares in issue at beginning of year	2,482,117	2,382,216
Treasury shares	-	(99)
Shares issued during the period weighted for period in issue (note 11)	347	24,309
Weighted average number of ordinary shares in issue for the period	**2,482,464**	**2,406,426**

Notes to the Condensed Consolidated Interim Financial Statements

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7. TRADE AND OTHER RECEIVABLES

	30 June 2022 (Unaudited) $'000	30 June 2021 (Unaudited) $'000	31 December 2021 (Audited) $'000
Trade receivables	2,632	1,740	2,093
Other receivables	12	9	12
Deposits	127	130	127
Current tax receivable	15	13	14
VAT receivable	666	725	589
Prepayments	1,325	2,562	1,781
Total	**4,777**	**5,179**	**4,616**

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

8. TRADE AND OTHER PAYABLES

	30 June 2022 (Unaudited) $'000	30 June 2021 (Unaudited) $'000	31 December 2021 (Audited) $'000
Trade payables	1,106	781	1,275
Contract liabilities (prepayments received)	872	1,191	1,643
Accruals	766	509	680
Current tax payable	105	40	69
Other payables	459	59	340
Debt due to concession holders	43	97	71
Total	**3,351**	**2,677**	**4,078**

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

Notes to the Condensed Consolidated Interim Financial Statements

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9. BORROWINGS

	30 June 2022 (Unaudited) $'000	30 June 2021 (Unaudited) $'000	31 December 2021 (Audited) $'000
Non-current liabilities			
Business loans	1,269	2,099	1,282
Working capital facility	3,939	2,040	1,616
	5,208	**4,139**	**2,898**
Current liabilities			
Business loans	545	1,246	1,250
Bank overdraft	233	174	128
Working capital facility	6,384	3,977	3,991
	7,162	**5,397**	**5,369**
Total borrowing	**12,370**	**9,536**	**8,267**

The increase in borrowings in the six months to 30 June 2022 is owing to the following:

- A new two year, $2m unsecured facility with Rhino Ventures, the Company's largest shareholder, advanced during February 2022. Full details of this and the Lombard Odier facility noted below were disclosed on 13 January 2022.
- An increase of $2.3m in the working capital facility from the Company's Danish banking partners.
- An advance of $1m of the $2m Lombard Odier short-term facility during June 2022. The $1m is repayable in 90 days from drawdown and is secured against certain receivables.

The Group paid-down approximately $0.7m of bank loans and equipment lease obligations during the period ended 30 June 2022.

10. CONVERTIBLE BONDS

	30 June 2022 (Unaudited) $'000	30 June 2021 (Unaudited) $'000	31 December 2021 (Audited) $'000
Convertible bonds: Liability component	712	885	931
Convertible bonds: Equity component	24	52	52
Total	**736**	**937**	**983**
Convertible bond liability	539	741	741
Interest accrued	173	144	190
Total	**712**	**885**	**931**

During the first half of 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 Bonds are repayable on 30 June 2023.

Notes to the Condensed Consolidated Interim Financial Statements

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11. SHARE CAPITAL

	Number	$'000
Authorised:		
Ordinary shares of 1 pence each	Unlimited	Unlimited
Allotted, issued and fully paid: Ordinary shares of 1p each		
At 1 January 2021	**2,382,216,431**	**31,119**
Issued in the period	99,900,622	1,409
At 31 December 2021	**2,482,117,053**	**32,528**
Issued in the period	5,871,820	73
At 30 June 2022	**2,487,988,873**	**32,601**

Balances classified as share capital represent the nominal value on issue of the Company's equity share capital, comprising ordinary shares of 1p each.

The total number of Ordinary Shares in issue as at the date of this report is 2,487,988,873, which consists of 2,077,988,873 Voting Ordinary Shares and 410,000,000 Non-Voting Ordinary Shares.

12. SHARE PREMIUM

	$000
At 1 January 2021	**58,609**
Issued in the period	6,645
At 31 December 2021	**65,254**
Issued in the period (note 11)	221
At 30 June 2022	**65,475**

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.

Notes to the Condensed Consolidated Interim Financial Statements
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13. SHARE BASED PAYMENT/LONG-TERM INCENTIVES

On the 1st of March 2022, the Company issued LTIP's (long-term incentive plan) to its directors and key employees of which 35.5m were in issue at 30 June 2022. The fair value of these LTIP's as at the grant date was determined by an independent specialist in financial valuations.

17.75m of the granted LTIP's are subject to TSR (Total Shareholder Return) linked criteria and were valued using a Monte Carlo simulation. 17.75m 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.

The key terms and conditions related to the LTIP's are as follow:

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 35.5m 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 35.5m 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%).

Notes to the Condensed Consolidated Interim Financial Statements
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Reconciliation of the share options in issue:

	Total options	Weighted average strike price (Pence)
As at 31 December 2020	144,500,000	2p
Forfeited during the financial year	(30,500,000)	(2p)
As at 31 December 2021	114,000,000	2p
Issue of LTIP's	35,500,000	1p
As at 30 June 2022	149,500,000	1.76p

The following charge has been recognised in the current financial period:

	$000
As at 31 December 2020	**968**
Reserve transfer for forfeitures	(766)
Share based payment expense	233
As at 31 December 2021	**435**
Share based payment expense	175
As at 30 June 2022	**610**

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

Director	Total number of Share Options held as at 31 December 2021 (2p exercise price)	Number of LTIP's granted on 1 March 2022 (1p exercise price)	Total number of Shares under option	Share Options as a % of Issued Share Capital
P Dolan (CEO)	50,000,000	4,000,000	54,000,000	2.17%
C Geddes (CFO)	22,500,000	4,000,000	26,500,000	1.07%
H Ghossein (Deputy Chair)	22,500,000	4,000,000	26,500,000	1.07%
G Thomson (Chair & Senior Non-Executive)	10,000,000	-	10,000,000	0.40%

Notes to the Condensed Consolidated Interim Financial Statements

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14. RELATED PARTY TRANSACTIONS

The final instalment of $0.25m was paid in cash to Mr Ghossein, Deputy Chair, relating to the contingent acquisition liability/deferred consideration for the acquisition of Woodbois ApS, more fully set out in note 22 in the Annual Report for the year ended 31 December 2021.

During the first half of 2022 Rhino Ventures Limited, the Company's largest shareholder, disposed of 325,000,000 of its Non-Voting Ordinary Shares to an unconnected third party. In the period, Rhino Ventures Limited also converted a total of 65,000,000 Non-Voting Ordinary Shares into Voting Ordinary Shares. Upon Conversion, Rhino Ventures Limited transferred the 65,000,000 shares to its beneficial owner, Mr Miles Pelham. Following Admission, Rhino and Mr Miles Pelham together held 442,500,000 Voting Ordinary Shares in the Company, which represents 21.30% of the enlarged Voting Ordinary Shares. Rhino's holding of 235,000,000 Non-Voting Ordinary Shares post Conversion represent 57.32% of the 410,000,000 Non-Voting Ordinary Shares in the Company at 30 June 2022.

As set out in note 9, during H1 2022 the Company drew down $1m of the $2m Lombard Odier short-term facility and the $2m unsecured facility agreed with Rhino Ventures was fully drawn down.

15. EVENTS OCCURING AFTER THE REPORTING DATE

None noted as at the date of this report.

16. INTERIM FINANCIAL STATEMENTS

A copy of this interim report as well as the full Annual Report for the year ended 31 December 2021 can be found on the Company's website at www.woodbois.com.

WOODBOIS Ltd.

Woodbois Limited

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