inforevision

**ANNUAL REPORT**

**1 JANUARY - 31 DECEMBER 2022**

**WOODGROUP APS**

**Høffdingsvej 34**

**2500 Valby**

**CENTRAL BUSINESS REGISTRATION no. 36 54 45 11**

Adopted at the Company's
Annual General Meeting,
on 12/7 2023

Paul Dolan
Chairman

**CONTENTS**

**Company**

Woodgroup ApS
Høffdingsvej 34
2500 Valby

Central Business Registration no. 36 54 45 11

Registered in: København

**Board of Executives**

Paul Tiernan Dolan

Carnel Geddes

**Company auditors**

**info**revision
statsautoriseret revisionsaktieselskab
Buddingevej 312
2860 Søborg
Central business registration no. 19263096

Vibeke Düring Reyes Jensen, State Authorized Public Accountant
Lasse Sværke, State Authorized Public Accountant

| DKK in thousands. | 2022 | 2021 | 2020 | 2019 | 2017/18 |
|---|---|---|---|---|---|
| **Profit and loss account:** | | | | | |
| Gross profit/loss | 8.132 | 6.186 | 706 | 332 | 646 |
| Operating profit/loss | 7.113 | 6.146 | 706 | 332 | 646 |
| Net financials | 1.513 | 833 | -1.441 | -172 | 4 |
| Results for the year | 4.368 | 5.665 | -1.007 | 155 | 506 |
| **Balance sheet:** | | | | | |
| Balance sheet sum | 85.939 | 45.687 | 38.117 | 28.235 | 8.293 |
| Equity | 14.770 | 10.402 | -135 | 872 | 717 |
| **Employees:** | | | | | |
| Average number of full time employees | 1 | 1 | 1 | 0 | 0 |

The financial highlights for 2018 only comprise the period 1 July 2018 - 31 December 2018.

**The principal activities of the company**
Like previous years, the principal activities comprise trading wood and related activities.

**Development in activities and financial matters**
Development in activities and financial matters
The gross profit for the year is DKK 13m against DKK 8.3m last year. The result from ordinary activities is a profit after tax of DKK 4.4m against DKK 5.7m last year. The Company managed to achieve higher margins as a result of the use of technology that provided more control over trades and deeper insight into markets traded. This advantage allowed the Company to carefully select its trades as shipping out of Gabon started to normalise post disruptions caused in 2019 by COVID-19. The result is encouraging and considered satisfactory by management. Demand for the Company’s products remain high.

**Special risks**
*Exchange rate risks:*
Due to the fact that the majority of sales and purchases are done in foreign currency, the company's results, cash flow and equity are affected by exchange rate fluctuations in a number of currencies, primarily Euro and US Dollar.

**Know how resources**
*Human resources:*
The company's resources in terms of human resources are sufficient at the current level of activity, but as growth is expected, development in the HR department is also expected. The company aims to keep, attract and develop the best human resources within the line of the company's business.

**Events subsequent to the financial year**

On 19 April 2023, the Company received notification from its bank that it was terminating its banking facility of DKK 42m. The DKK 42m facility was fully utilised and the Company had an ancillary account with a cash balance of DKK 21.7m. Upon termination of the facility, the bank offset the DKK 21.7m in partial repayment of the facility. The reason cited by the bank for terminating the facility was that the Company generated a loss in Q1 2023. The bank believed that, as a consequence, the circumstances of the Company 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 part of the notice the bank also requested that Woodgroup present a plan for the repayment of the outstanding DKK 20.3m of the Facility. As reported by the Group on 6 June 2023, Woodgroup has reached an agreement with the bank under which the outstanding balance of cDKK 20.3m will be repaid by no later than 29 December 2023. The Company has undertaken to repay DKK 1m on each of 15 June and 30 June 2023. Thereafter a further DKK1m is to be paid in the middle of each subsequent month with any additional lump sums being paid to ensure repayment of the total outstanding balance and interest by the final repayment date. There are also financial incentives in place if the Group settles the outstanding balance earlier in the year.

The unexpected liquidity event necessitated the securing of replacement working capital.
At a General Meeting convened by the Group's directors on 16 June 2023 the shareholders gave overwhelming support (97% of votes in favour) for the Company to issue ordinary shares if agreement is reached on the terms of an equity issue.

On 28 June 2023, the Group announced that it has raised £6 million by way of a subscription for new ordinary shares at a price of 0.5 pence (the "Subscription"). This satisfies the cash shortfall created when the $6m working capital facility was withdrawn by Sydbank in April 2023, allowing the Group the flexibility to discharge its remaining obligations to Sydbank in full. The Subscription forms part of a wider financing package, including a debt-for-equity swap of £1.75m and including the issuance of warrants. This financing package transforms the Group's balance sheet and allows the Group to re-commence its operations in full and return to its growth path.

The Board of Executives have today discussed and approved the annual report for the financial year 1 January - 31 December 2022 of Woodgroup ApS.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion the financial statements give a true and fair view of the Company's financial position at 31 December 2022 and of the result of the Company's operations for the financial year 1 January - 31 December 2022.

In our opinion the management's review includes a fair review about the matters the review deals with.

We recommend that the Annual Report be approved at the annual general meeting.

Valby, 12th July 2023

**Board of Executives**

| | |
|---|---|
| Paul Tiernan Dolan | Carnel Geddes |
| CEO | Executive |

## To the shareholders of Woodgroup ApS

**Opinion**

We have audited the Financial Statements of Woodgroup ApS for the financial year 1 January to 31 December 2022, which comprise the accounting policies applied, the income statement, the balance sheet, statement of changes in equity and notes. The Financial Statements are prepared under the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the Company's financial position at 31. december 2022, and of the results of the Company's operations for the financial year 1 January to 31 December 2022 in accordance with the Danish Financial Statements Act.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report.

We conducted our audit in accordance with international Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Management's Responsibilities for the Financial Statements**

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.
In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has 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 and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

* Identify and assess the risks of material misstatement of the Financial Statements and whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

* Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

* Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

* Conclude on the appropriateness of Management’s use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

* Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Statement on the Management's review**
Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements , our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not identify any material misstatement of Management's Review.

Søborg, 12th July 2023

**info**revision
statsautoriseret revisionsaktieselskab
(CVR-nr. 19263096)

| | |
|---|---|
| Vibeke Düring Reyes Jensen | Lasse Særke |
| State Authorized Public Accountant | State Authorized Public Accountant |
| mne11673 | mne34318 |

The annual report has been prepared in accordance with Danish financial statements legislation as well as generally accepted accounting principles.

The annual report has been prepared in accordance with the reporting requirements of the Danish Financial Statements Act of class B enterprises. Furthermore, the Company has chosen to comply with some of the rules applying for class C enterprises.

The accounting policies used are unchanged compared to last year.

## RECOGNITION AND MEASUREMENT

The financial statements have been prepared based on historical cost.

The income is recognised in the income statement as earned. Further to this, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Furthermore, all costs incurred to earn the profit or loss for year have been recognised in the income statement, including amortisation, depreciation, write-down and provisions as well as reversals as a consequence of changed accounting estimates of amounts previously recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow into the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each financial statement item.

**RECOGNITION AND MEASUREMENT, continued**
Certain financial assets and liabilities are measured at amortised cost, by which a constant redemption yield is recognised over the term. Amortised cost is calculated as original cost less instalments and addition/deduction of the accumulated amortisation of the difference between cost and the nominal amount. Thereby, capital and exchange losses or gains are allocated over the term.

On recognition and measurement, anticipated losses and risks that appear before presentation of the annual report and which confirm or invalidate affairs or conditions existing at the balance sheet date are considered.

The functional currency is Danish kroner, DKK. All other currencies are considered foreign currencies.

**FOREIGN CURRENCY TRANSLATION**
Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

Fixed assets and other non-monetary assets acquired in foreign currency and which are not considered to be investment assets purchased in foreign currencies are measured at the exchange rate on the transaction date.

## INCOME STATEMENT

The income statement has been classified by nature.

### Gross profit/loss

The gross profit comprises the net turnover, changes in inventories of finished goods, other operating income, raw materials and consumables used and other external costs.

The net turnover is recognised in the profit and loss account when the following conditions are satisfied; risk and ownership is transferred to the buyer, effective control over the goods sold is transferred to the buyer, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transactions will float to the company and the cost incurred in respect to the transaction can be measured reliably. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income comprise accounting items of secondary nature in proportion to the principal activities of the enterprise, including gains on disposal of intangible and tangible fixed assets.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

### Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members.

### Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

### Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

**Tax on profit or loss for the year income taxes**
Tax on profit or loss for the year represents 22% of the book profit or loss adjusted for non-taxable and non-deductible items.

Tax on profit or loss for the year consists of the anticipated tax portion of the taxable income for the year adjusted for the changes for the year in deferred tax. Changes in deferred taxes due to adjustments of tax rates is recognised in the income statement.

The Company is jointly taxed with other Danish group enterprises with the Woodbois International ApS as management company. The tax effect of the joint taxation is allocated among the group enterprises in ratio to their taxable income according to the rules on full allocation with a refund for tax losses of the Danish Corporation Tax Act.

Corporation tax relating to the financial year which has not been settled at the balance sheet date is to be classified as corporation tax in receivables or liabilities other than provisions.

Joint tax contributions between the jointly taxed companies which have not been settled at the balance sheet date are classified as joint tax contributions in receivables or liabilities.

The Company is subject to the Danish Tax Prepayment Scheme. Interest reimbursement and interest surcharge have been recognised in financial income and expenses.

**BALANCE SHEET**
The balance sheet has been presented in account form.

**ASSETS**

**Inventories**
Inventories are measured at cost on basis of the FIFO method. In case the net realisable value of the inventories is lower than the cost, writedown takes place to this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost plus expenses resulting directly from the purchase.

The net realisable value for inventories is recognised as the market price with deduction of completion costs and selling costs. The net realisable value is determined taking into consideration the negotiability, obsolescence, and development of the expected market price.

**Receivables**
Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by write-down for bad debt according to an individual assessment.

**Prepayments**
Prepayments comprise costs incurred relating to subsequent financial years.

## EQUITY AND LIABILITIES

### Equity
Management's proposed dividends for the financial year is disclosed as a separate item in equity.

Expenses related to capital increases is recognised directly in equity.

### Provision for deferred tax
Deferred tax is measured according to the liability method. Provision has been made for deferred tax by 22 % on all temporary differences between carrying amount and tax-based value of assets and liabilities.

Deferred tax is also measures with respect of the planned use of the asset and the settlement of the liability.The tax value of the tax losses to be carried forwardare included in the calculation of deferred taxes if it is probable that the losses can be used.

The tax-based values of tax losses carried forward are included in the statement of deferred tax if it is probable that the losses can be utilised.

Deferred tax assets which are not expected utilised within a few years have been disclosed in notes under contingent assets.

### Financial liabilities
Other liabilities are measured at amortised cost which usually corresponds to the nominal value.

### Deferred income
Deferred income comprises income received relating to subsequent years.

| Note | | 2022 | 2021 |
|---|---|---|---|
| | GROSS PROFIT/LOSS | 8.132.265 | 6.185.667 |
| 2 | Staff costs | -1.018.985 | -39.334 |
| | PROFIT/LOSS BEFORE DEPRECIATION, INTEREST AND TAX | 7.113.280 | 6.146.333 |
| | Amortisation, depreciation and impairment for loss of intangible and tangible fixed assets | 0 | 0 |
| | OPERATING PROFIT/LOSS | 7.113.280 | 6.146.333 |
| 3 | Other financial income | 622.027 | 1.281.658 |
| 4 | Other financial expenses | -2.135.415 | -448.545 |
| | PROFIT/LOSS BEFORE TAX | 5.599.892 | 6.979.446 |
| 5 | Tax on profit/loss for the year | -1.231.976 | -1.314.034 |
| | PROFIT/LOSS FOR THE YEAR | 4.367.916 | 5.665.412 |

Distribution of profit/loss:

| | | 2022 | 2021 |
|---|---|---|---|
| | Proposed dividends for the financial year | 0 | 0 |
| | Retained earnings | 4.367.916 | 5.665.412 |
| | TOTAL | 4.367.916 | 5.665.412 |

**ASSETS**

| Note | | 31/12 2022 | 31/12 2021 |
|---|---|---|---|
| | Manufactured goods and trade goods | 20.197.400 | 25.951.879 |
| | INVENTORIES | 20.197.400 | 25.951.879 |
| | Trade receivables | 3.360.937 | 3.501.441 |
| | Receivables from group enterprises | 47.912.612 | 6.144.274 |
| | Other receivables | 57.787 | 182.719 |
| 5 | Joint tax contribution receivables | 0 | 0 |
| | Prepayments | 4.592.535 | 5.110.412 |
| | RECEIVABLES | 55.923.871 | 14.938.846 |
| | CASH | 9.817.355 | 4.796.405 |
| | CURRENT ASSETS | 85.938.626 | 45.687.130 |
| | TOTAL ASSETS | 85.938.626 | 45.687.130 |

**EQUITY AND LIABILITIES**

| Note | | 31/12 2022 | 31/12 2021 |
|---|---|---|---|
| | Share capital | 200.000 | 200.000 |
| | Retained earnings | 14.569.617 | 10.201.701 |
| | EQUITY | 14.769.617 | 10.401.701 |
| 5 | Provision for deferred tax | 0 | 0 |
| | PROVISIONS | 0 | 0 |
| | Bank debts | 42.072.529 | 19.978.211 |
| | Prepayments received from customers | 222.590 | 3.852.742 |
| | Trade payables | 2.657.809 | 741.103 |
| | Payables to group enterprises | 24.100.000 | 9.207.205 |
| 5 | Joint tax contribution payables | 1.231.976 | 1.314.034 |
| | Other payables | 884.105 | 192.134 |
| | SHORT-TERM LIABILITIES OTHER THAN PROVISIONS | 71.169.009 | 35.285.429 |
| | LIABILITIES OTHER THAN PROVISIONS | 71.169.009 | 35.285.429 |
| | TOTAL EQUITY AND LIABILITIES | 85.938.626 | 45.687.130 |

1 Significant events after the balance sheet date
6 Mortgage and securities
7 Contingencies
8 Contractual obligations

| | Share capital | Retained earnings | Proposed dividends | TOTAL |
|---|---|---|---|---|
| Equity at 1/1 2021 | 100.000 | -235.261 | 0 | -135.261 |
| Increase of capital | 100.000 | 4.771.550 | 0 | 4.871.550 |
| Transferred from distribution of profit/loss | 0 | 5.665.412 | 0 | 5.665.412 |
| Equity at 1/1 2022 | 200.000 | 10.201.701 | 0 | 10.401.701 |
| Transferred from distribution of profit/loss | 0 | 4.367.916 | 0 | 4.367.916 |
| Equity at 31/12 2022 | 200.000 | 14.569.617 | 0 | 14.769.617 |

## 1 Significant events after the balance sheet date

On behalf of the Company, the Group has been actively seeking alternative sources of funding following the termination of the Company's DKK 42m credit line and that bank’s offset of DKK 21.7m of cash balances in April 2023, including equity, debt and hybrid solutions. As announced on 6 June 2023, the Group has reached an agreement with the bank under which the outstanding balance of cDKK 20.3 (as at 31 May 2023) will be repaid by the 2023 year end.

On 28 June 2023, the Group announced that it has raised £6 million by way of a subscription for new ordinary shares at a price of 0.5 pence (the "Subscription"). This satisfies the cash shortfall created when the $6m working capital facility was withdrawn by Sydbank in April 2023, allowing the Group the flexibility to discharge its remaining obligations to Sydbank in full. The Subscription forms part of a wider financing package, including a debt-for-equity swap of £1.75m and including the issuance of warrants. Please also refer to the Mangement report regarding subsequent events.

## 2 Staff costs

| Staff costs | 2022 | 2021 |
|---|---|---|
| Wages and salaries | 903.836 | 43.998 |
| Other social security costs | 115.149 | -4.664 |
| TOTAL | 1.018.985 | 39.334 |

The average number of full-time employees has represented 2 in this financial year against 1 in the previous financial year.

| 3 | Other financial income | 2022 | 2021 |
|---|---|---|---|
| | Interest income, group enterprises | 333.465 | 63.980 |
| | Other financial income | 288.562 | 1.217.678 |
| | TOTAL | 622.027 | 1.281.658 |

| 4 | Other financial expenses | 2022 | 2021 |
|---|---|---|---|
| | Interest expenses to group enterprises | 168.043 | 0 |
| | Other financial expenses | 1.967.372 | 448.545 |
| | TOTAL | 2.135.415 | 448.545 |

| 5 | Corporation tax and deferred tax | Income taxes | Deferred tax | Acc. to the inc. statement | 2021 |
|---|---|---|---|---|---|
| | Payable at 1/1 2022 | 1.314.034 | 0 | 0 | 0 |
| | Paid re. previous years | -1.314.034 | 0 | 0 | 0 |
| | Tax for the year | 1.231.976 | 0 | 1.231.976 | 1.314.034 |
| | PAYABLE AT 31/12 2022 | 1.231.976 | 0 | | |
| | TAX ON PROFIT/LOSS FOR THE YEAR | | | 1.231.976 | 1.314.034 |

6 Mortgage and securities

For bank debts, t.DKK 42.074, the company has provided security in company assets representing a nominal value of t.DKK 20.000. This security comprises the below assets, stating the book values:

| | |
|---|---|
| Inventories | DKK 20.197.401 |
| Receivable from sales and services | DKK 3.360.938 |

7 Contingencies

**Joint taxation**

Woodbois International ApS, company reg. no. 26 99 53 45, being the administration company, the company is subject to the Danish scheme of joint taxation and unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

The total known net liabilities of jointly taxed companies to Skattestyrelsen are stated in the annual report of the administration company.

8 Contractual obligations

The Company has entered into operating lease for lease of officerooms. the lease has a termination of 3 months. The total lease commitment represents approx. DKK 31.140.