

Ecotree International ApS

Boyesgade 4

1622 Frederiksberg

CVR No. 40699805

Annual Report 2023

4. financial year

The Annual Report was presented and
adopted at the Annual General Meeting of
the Company on 7 June 2024

Thomas Norman Canguilhem
Chairman

Ecotree International ApS

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Management's Statement

Today, Management has considered and adopted the Annual Report of Ecotree International ApS for the financial year 1 January 2023 - 31 December 2023.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January 2023 - 31 December 2023.

In our opinion, the Management's Review includes a true and fair account of the matters addressed in the review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

København, 7 June 2024

Executive Board

Thomas Norman Canguilhem
Man. Director

Theophane Le Mene
Manager

The independent practitioner's report

To the shareholders of Ecotree International ApS

Conclusion

We have performed an extended review of the financial statements of EcoTree International ApS for the financial year 1 January - 31 December 2023, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity, statement of cash flows and notes. The financial statements are prepared under the Danish Financial Statements Act.

Based on the work performed, in our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2023 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for conclusion

We conducted our extended review in accordance with the Danish Business Authority's Assurance Standard for Small Enterprises and FSR Danish Auditors' standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the "Practitioner's responsibilities for the extended review 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 evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Emphasis of matter regarding the Extended Review

Comparative figures are not covered by the extended review.

The company has become subject to mandatory audit effective for the current financial year, and it has been decided to conduct an extended review of the financial statements accordingly. We must emphasize, as also indicated in the financial statements, that no extended review or audit has been conducted on the comparative figures in the financial statements.

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.

The independent practitioner's report

Practitioner's responsibilities for the extended review of the financial statements

Our responsibility is to express a conclusion on the financial statements. This requires that we plan and perform procedures in order to obtain limited assurance for our conclusion on the financial statements and in addition perform specifically required supplementary procedures to obtain further assurance for our conclusion.

The independent practitioner's report

An extended review comprises procedures that primarily consist of making inquiries of Management and others within the Company, as appropriate, analytical procedures and the specifically required supplementary procedures as well as evaluation of the evidence obtained.

The procedures performed in an extended review are less than those performed in an audit, and accordingly, we do not express an audit opinion on the financial statements.

Statement on the Management's review

Management is responsible for the Management's Review.

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

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

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

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

København, 7 June 2024

Grant Thornton, Godkendt Revisionspartnerselskab

CVR-no. 34209936

Michael Beuchert
State Authorised Public Accountant
mne32794

Ecotree International ApS

Company details

Company	Ecotree International ApS Boyesgade 4 1622 Frederiksberg
CVR No.	40699805
Date of formation	25 July 2019
Registered office	Frederiksberg
Financial year	1 January 2023 - 31 December 2023
Executive Board	Thomas Norman Canguilhem Theophane Le Mene
Auditors	Grant Thornton, Godkendt Revisionspartnerselskab Stockholmsgade 45 2100 København Ø CVR-no.: 34209936

Management's Review

The Company's principal activities

European leader in Nature-based Solutions and certified B Corp, EcoTree enables its clients to engage in nature conservation by developing fully integrated projects for the protection, sustainable management, and restoration of ecosystems in France and Europe. EcoTree supports its clients from the definition of their climate strategy to their contribution to global carbon neutrality. In this way, it helps them combat climate change and biodiversity decline while maximizing the environmental, social, and economic benefits of their commitments, in compliance with regulations and/or voluntary reporting frameworks.

EcoTree International APS is the EcoTree Group entity in charge of developing the Group's international business. EcoTree International is currently operating on the European continent (Nordic countries, DACH zone and UK).

Development in activities and the financial situation

The Company's Income Statement of the financial year 1 January 2023 - 31 December 2023 shows a result of DKK -4.621.108 and the Balance Sheet at 31 December 2023 a balance sheet total of DKK 16.233.998 and an equity of DKK -20.071.168.

EcoTree International ApS is in a start-up phase, why the loss for the year was expected. The parent company will continue to finance Ecotree International ApS over the coming 12 months. The parent company has raised €12M in July 2022 from Société Générale (one of the major French bank). An important part of this fundraising is intended to finance the development of the group's international activity carried by EcoTree International APS.

Material changes in the Company's operations and financial matters

As the entire Equity has been lost, we estimate that it will be re-established over the coming years. However, we rely heavily on the financial support from our parent company, in order for us to continue operations.

Accounting Policies

Reporting Class

The annual report of Ecotree International ApS for 2023 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied remain unchanged from last year.

Reporting currency

The annual report is presented in Danish kroner.

General information

Basis of recognition and measurement

The financial statement have been prepared under the historical cost principle.

Income is recognised in the income statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortized cost. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortization, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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

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

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the term.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the financial statement, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

Accounting Policies

Income statement

Gross profit/loss

The Company has decided to aggregate certain items of the income statement in accordance with the provisions of Section 32 of the Danish Financial Statements Act.

Gross profit is a combination of the items of revenue, change in inventories of finished goods, work in progress and goods for resale, other operating income, costs for raw materials and consumables and other external expenses.

Revenue

Revenue is recognised in the income statement if the goods have been delivered and the risk has passed to the buyer before year-end and if the revenue can be reliably calculated and expected to be received. Revenue is recognised excluding VAT and all discounts granted are recognised in revenue.

Staff costs

Staff costs include wages and salaries including compensated absence and pension to the Companies employees, as well as other social security contributions etc.

Other staff expenses are recognised in other external expenses.

Amortisation and impairment of tangible and intangible assets

Amortization and impairment of intangible assets, property, plant and equipment has been performed based on a continuing assessment of the useful life of the assets in the Company. Non-current assets are amortized on a straight line basis, based on cost, on the basis of the following assessment of useful life and residual values:

When a land is acquired for afforestation purposes (i.e. without any standing timber at the time of acquisition), the total acquisition value of the forest is recorded as a fixed asset.

2 impairments will be applied:

1. A write-off of the value of the land is made each year to take account of the discount of the value of these lands. This is explained by the sale of the surface right to customers, which means that all the economic benefits are locked in for 100 years (the duration of EcoTree's Forestry management plans and commitments to its customers). At the end of each financial year, a write-back of the depreciation of the land will be made as we approach the end of the itinerary and therefore the full enjoyment of the economic benefits.

2. The second impairment is explained by the fact that the value of the land was estimated at a lower amount than the purchase value by a forestry expert due to the change of use of the land. These methods have been validated by the French tax authorities.

Forestry Deferred revenue

EcoTree International's main economic activity is the sale of trees to its customers. The sale price of a tree includes forest maintenance costs that are spread over time. As a result, these costs are not linked to the financial year in which the tree is sold, that is why forestry deferred income is recorded at the end of the financial year. This method has been validated by the French tax authorities.

Accounting Policies

Financial income and expenses

Financial income and expenses are recognised in the income statement based at the amounts that concern the financial year. Financial income and expenses include interest revenue and expenses, financial expenses of finance leases, realised and unrealised capital gains and losses regarding securities, accounts payable and transactions in foreign currencies, repayment on mortgage loans, and surcharges and allowances under the advance-payment of tax scheme.

Dividends from other investments are recognised as income in the financial year in which the dividends are declared.

Tax on net profit for the year

Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognised directly in equity.

Balance sheet

Land and buildings

EcoTree purchases agricultural land that the company is going to afforest (No top value at the acquisition). The lands are not amortized because the forests are not impacted by wear or obsolescence (forests will even increase in value over time as the standing timber grows).

To take account of the business model, 2 depreciations are applied on the land value:

The first depreciation corresponds to the difference between the acquisition value and the value of the land determined by a forestry expert. This depreciation is due to the loss of value associated with the change in the use of the land. We are purchasing agricultural land that we intend to afforest, changing its use from agricultural land to forest land, which has a lower value.

The second depreciation is related to a discount on the land value due to the sale of surface rights for 100 years to our customers. We apply this discount to the value of the land to accommodate the EcoTree model. When we purchase a forest, we implement a forestry management plan, validated by forestry experts, which spans 200 years for Oak and 100 years for other species. This forestry management plan represents the duration of EcoTree Group's commitment to its customers, as described in our general terms of sale on our website. To account for this loss of economic value, we apply a discount to the value of the land.

	Useful life	Residual value
Land and buildings	100-200 years	0%

Long term investments and receivables

Deposits

Deposits are measured at cost.

Receivables

Receivables are measured at amortized cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

Other receivables consists of various prepaid items.

Accounting Policies

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand as well as short-term securities with a term of less than three months which can be converted directly into cash at bank and in hand and involve only an insignificant risk of value changes.

Equity

Equity comprises the working capital and a number of equity items that may be statutory or stipulated in the articles of association.

Other payables

Other payables are measured at amortized cost, which usually corresponds to the nominal value.

Contingent assets and liabilities

Contingent assets and liabilities are not recognised in the Balance Sheet but appear only in the notes.

Income Statement

	Note	2023 kr.	2022 (not audited) kr.
Gross profit (loss)		9.267.329	3.309.130
Employee benefits expense	1	-9.399.995	-10.649.958
Depreciation, amortisation expense and impairment losses of property, plant and equipment and intangible assets recognised in profit or loss		-4.857.826	0
Profit from ordinary operating activities		-4.990.492	-7.340.828
Other finance income		436.713	145.952
Finance expences		-206.537	-32.007
Profit from ordinary activities before tax		-4.760.316	-7.226.883
Tax expense on ordinary activities		139.208	1.580.032
Profit (loss)		-4.621.108	-5.646.851
 Proposed distribution of results			
Retained earnings		-4.621.108	-5.646.851
Distribution of profit		-4.621.108	-5.646.851

Balance Sheet as of 31 December

	Note	2023 kr.	2022 (not audited) kr.
Assets			
Land and buildings		2.203.774	1.903.318
Property, plant and equipment		2.203.774	1.903.318
Deposits, investments		164.726	164.377
Investments		164.726	164.377
Fixed assets		2.368.500	2.067.695
Short-term trade receivables		3.212.830	1.465.640
Current deferred tax		4.481.183	4.341.975
Other short-term receivables		136.711	7.977.906
Receivables		7.830.724	13.785.521
Cash and cash equivalents		6.034.774	3.875.623
Current assets		13.865.498	17.661.144
Assets		16.233.998	19.728.839

Balance Sheet as of 31 December

	Note	2023 kr.	2022 (not audited) kr.
Liabilities and equity			
Contributed capital		40.000	40.000
Retained earnings		-20.111.168	-15.490.060
Equity		-20.071.168	-15.450.060
Debt to other credit institutions		0	137.892
Long-term liabilities other than provisions		0	137.892
Prepayments received from customers		1.110.194	415.498
Trade payables		197.961	303.986
Payables to associates		34.475.515	33.344.989
Other payables		521.496	976.534
Short-term liabilities other than provisions		36.305.166	35.041.007
Liabilities other than provisions within the business		36.305.166	35.178.899
Liabilities and equity		16.233.998	19.728.839
Uncertainties relating to going concern	2		
Contingent liabilities	3		
Collaterals and assets pledges as security	4		

Notes

	2023	2022 (not audited)
1. Employee benefits expense		
Wages and salaries	7.502.402	9.236.398
Social security contributions	793.700	588.159
Other employee expense	1.103.893	825.401
	<u>9.399.995</u>	<u>10.649.958</u>
Average number of employees	<u>15</u>	<u>18</u>

2. Uncertainty regarding going concern

Ecotree International ApS is in a start-up phase, why the loss for the year was expected.

The parent company will continue to subsidize Ecotree International ApS over the coming 12 months.

The parent company has raised €12M in July 2022 from Société Générale. An important part of this fundraising is intended to finance the development of the group's international activity carried by EcoTree International APS.

3. Contingent liabilities

The company has entered into operating leases of DKK 201.845 at 31. december 2023.

4. Collaterals and securities

No securities or mortgages exist at the balance sheet date.