RNS Number : 9162G
Woodbois Limited
01 April 2022

1 April 2022

Woodbois Limited

("Woodbois", the "Group" or the "Company")

Audited results for FY 2021

Woodbois, the African focused sustainable forestry, reforestation, carbon sequestration and timber trading company, announces its audited results for the full year ended 31 December 2021.

Highlights

- Turnover increased by 14% to $17.5m (2020: $15.3m) despite continued disruption to shipping
- Gross profit increased by 186% to $3.5m vs $1.2m in FY 2020
- Significant gross profit margin increase to 20%, up from 8% in FY 2020
- First year of positive EBITDAS* of $1.0m (2020: loss $1.7m)
- Sawmill capacity in Gabon increased to 30,000m3 output per annum
- Acquisition of additional 71,000 hectares of forestry concession land in Gabon
- Q1 2022 ahead of Q1 2021 despite continued shipping challenges: confident of meeting planned growth

Commenting on today's announcement Executive Chair Paul Dolan said:

"*These results clearly demonstrate the progress achieved by the Group during 2021. Turning EBITDAS positive was another milestone on our growth pathway. Increases in factory capacity and total forestry concession hectarage delivered during 2021 and into 2022 have positioned the Group for continued growth in revenues and profitability. Further capital investment is planned to continue our expansion in 2023.*

The Company is now better positioned than ever to deliver faster growth and higher levels of profitability once outside factors, most notably shipping, allow."

*Non-IFRS measure, please see financial review for EBITDAS reconciliation

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This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 which forms part of UK law by virtue of the European Union (Withdrawal) Act 2018 ("MAR").

Non-IFRS measures

The Company uses certain measures to assess the financial performance of the company. These terms may be defined as "non-IFRS measures" as they exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable measure calculated and presented in accordance with IFRS. They also may not be calculated using financial measures that are in accordance with IFRS. These non-IFRS measures include the Company's EBITDAS.

The Company uses such measures to measure and monitor performance and liquidity, in presentations to the Board and as a basis for strategic planning and forecasting. The directors believe that these and similar measures are used widely by market participants, stakeholders, and other interested parties as supplemental measures of performance and liquidity.

The non-IFRS measures may not be directly comparable to other similarly titled measures used by other companies and may have limited use as an analytical tool. This should not be considered in isolation or as a substitute for analysis of the Company's operating results as reported under IFRS.

The Company does not regard these non-IFRS measures as a substitute for, or superior to, the equivalent measures calculated and presented in accordance with IFRS or those calculated using financial measures that are calculated in accordance with IFRS.

STRATEGIC REPORT

Executive Chair and CEO Statement

Dear Shareholder,

Following another year of solid, demonstrable progress for the Group, and particularly given the Covid-dominated macro-economic backdrop of the last two years, we are delighted to present Woodbois' 2021 annual report. Investors and other stakeholders will be aware that our Company is driven by both purpose and profit and while we have consistently delivered on our social and environmental purpose, achieving our first year of positive EBITDAS[1] in 2021 was a watershed moment and one in which all of our employees can take pride. Assuming that shipping patterns normalise we are very optimistic for further progress in 2022.

2021 Business performance

The Company improved on all measures of financial performance in 2021, increasing turnover by 14% and making significant progress with a more than doubling of gross profit margins, a near trebling of gross profit and a first-ever positive EBITDAS. As the report below from our CFO, Carnel Geddes, spells out, 2021 also saw material improvement in the Company's balance sheet as well as enhanced capacity, efficiency and margins throughout its operations. In common with most export companies, volumes shipped during 2021 were constrained by world-wide port congestion and difficulties in accessing empty containers which impacted our cash generation and working capital, particularly in Q4.

The Group continued the roll-out of its strategic plan during 2021 with capacity at the sawmill in Mouila, Gabon almost doubling to 30,000m3 of annual sawn timber output. Value-adding capital projects have continued into 2022 with capacity at our veneer factory in Mouila, Gabon expected to more than double to an annualised output of 15,000m3. Significant challenges, most notably the ability to receive machine parts by sea freight, have delayed completion of this installation: full commissioning is expected to be completed by June 2022. The acquisition of an additional 71,000 hectares (of which 56,000 hectares has an existing approved management plan in place for harvesting) of valuable forestry concession land in Gabon during 2021 will more than satisfy the additional raw material input requirements of these expanded production facilities.

This focused investment has added significant value to the Company's portfolio, providing protection against the elevated input costs being experienced by industry players who don't have access to their own supply of raw material and positioning us to benefit from a very strong timber market.

Our fourth annual sustainability report expanded its scope to align with the Integrated Reporting (IR) model: this aims to offer further transparency and connects different parts of the business to provide a broader view of how Woodbois creates and preserves value. We aim to regenerate our forests, provide employment opportunities, enhance our communities and be a model organisation. The benefits of creating a culture in which all employees are actively encouraged to contribute to enhancing workplace safety and production efficiency are borne out in the Company's results. Also, we are grateful to those investors and stakeholders who offered their views and feedback with regards to content and framework of the report. We have continued on the path to full FSC certification and are more than 50% completed and also are committing to be carbon neutral in our operations no later than 2035.

Impact of War in Ukraine

Our thoughts are of course with all of those suffering as a result of the war and we hope for a speedy, peaceful resolution. Apart from currency volatility and an increase in fuel prices, the Group has not experienced any impact as a result of Russia's invasion of Ukraine.

As a result of sanctions instituted against Russia, some shipping companies are reducing their level of service to Russian routes and will re-allocate services to alternative routes, potentially benefiting African exporters. Sanctions on exports from Russia include forestry products, further reducing supply of timber to some markets and possibly impacting pricing accordingly.

Strategic initiatives

Delivery of the Company's comprehensive growth and sustainability agenda will clearly require enhanced organisational capability, which remains a key area of focus for both our Executive Chair and CEO as the Group evolves. Since joining Woodbois in November 2021, in line with his background, Federico Tonetti (CEO) has taken responsibility for operations and cash generation, allowing Paul Dolan (Executive Chair) to shift his attention towards a strategic focus on the many and varied requirements for building-out a purpose driven, market-leader in the sustainable timber products space.

As we scale the business, increasing industry awareness of the Woodbois brand globally becomes an increasingly important objective. Our sales team has recently experienced its highest ever levels of interest on our stand at the Dubai WoodShow, and within the next two months the team will be well represented in the US at the World of Wood convention in Orlando in April), and in Europe (at the Eurobois convention in Lyon, France in June). While Asia in general and China in particular, could easily absorb all of our production, the logistical challenges experienced over the last two years have served to underscore the importance of building a geographically diversified customer base to ensure maximum flexibility at both ends of our value chain.

Higher value-added product mix remains a key strategic objective with our next major capital project being the installation of a third, larger veneer line during 2023 to take veneer capacity to 30,000m3. We have also targeted smaller margin-enhancing projects designed to maximise utilisation of raw material and minimise waste. Economies of scale and continuous process improvement will be important components of our transition to becoming a consistently cash generative business.

We see value in further expanding the total concession area under management in the Congo basin and in other attractive African locations. This remains a longer-term strategic priority as we look to add further profitable capacity and to geographically diversify our source of supply and export routes. A strategic review of our Mozambique assets is underway, given the continuing challenges there.

The Board

In line with the Company's commitment to enhance its corporate governance framework, in November 2021 the role of Chair and CEO was split, with the arrival of Federico Tonetti as CEO, Paul Dolan moving to the role of Executive Chair and with the appointment, also in November, of David Rothschild as an Independent Non-Executive Director and member of the Audit, Remuneration and Nominations Committees.

Federico Tonetti is a highly experienced senior executive, with a track record of delivering business model transformation and operational optimisation for multinational enterprises. Most recently, Federico was the Group Safety & Sustainability Director of Compass Group PLC, the largest contract food-service company in the world and a constituent of the FTSE100. Prior to this, he was the Country CEO for LafargeHolcim, a global leader in building materials and solutions, in Poland, and before this held other senior positions within Lafarge. Federico also worked as a Strategy Consultant for Bain and Company.

Prior to formally joining, Federico completed a three-month strategic review of the business, with his resulting growth agenda being formally approved by the Board. Having advised international corporations on their sustainability strategies and given our ability to help organisations achieve their carbon reduction objectives, Federico's ESG credentials as well as his strong operational background made him an ideal steward to deliver on ambitious growth targets and long-term value creation for all stakeholders.

David Rothschild has a wide range of experience in growing businesses and improving their performance as a senior manager and adviser. He has been active in the African resource and agricultural sectors over the past 20 years, including as co-developer of a Liberian green-field sustainable palm oil operation, and as advisor on environmental and social action planning. He has also been actively involved in governmental and NGO relations and was an early Steering Committee Member of the High Carbon Stock Approach Group, which ensures responsible development. A French speaker with over 40 years experience in international business, including six years at the consultancy, McKinsey & Co, he is a dual national of the USA and South Africa and holds both B.Com and MBA degrees.

The strengthening of the Board, as well as new executive hires, will help the Group achieve its growth and other ambitions.

Carbon

Accreditation by the Government of Gabon for Woodbois to attend COP26 was an honour. It provided an opportunity for Board members and our senior leadership team to take part in high level discussions on climate change with key stakeholders while promoting the role that Woodbois can play in supporting host countries and international businesses in achieving their pledges via our nature-based solutions offering.

We have subsequently submitted a formal application, together with a comprehensive independent feasibility study, to the Gabonese Government, detailing a plan for a large-scale afforestation project in the country with an associated pilot-planting project which, if successful, is intended would start during 2022.

Following the many net-zero commitments made at COP26 and subsequently, the Company foresees expansion and growth in global carbon trading markets, increasing carbon-related costs for carbon emitters and significant growth in demand for offsetting nature-based carbon sequestration projects as being inevitable. Securing our own supply of carbon credits via the implementation of large-scale nature-based projects remains a fundamental strategic objective.

Looking forward

The Board sees significant value in Woodbois' proposition of both growing a cash-generative, purpose-driven sustainable forestry business with highly favourable demand/supply dynamics, and leading large-scale nature-based carbon sequestration initiatives. We will continue to position the Company accordingly.

We are reluctant to predict the timing of any normalisation in the global shipping sector given our experience over the last two years. Our plans for 2022 therefore factor in on-going supply-chain disruption, with growth, although substantial, being at a slower rate than the Company's full potential might otherwise indicate. Whilst our first quarter 2022 was affected by continuing shipping challenges it was nonetheless ahead of 2021 so we are confident of meeting our planned growth.

We trust that all stakeholders will draw comfort however from the improvement in performance during 2021. Your management team is highly incentivised to deliver more, in particular the consistent generation of positive cash-flow to help drive our growth and, when expedient, to permit payment of dividends. With a talented, diverse, motivated team, enhanced manufacturing facilities and strengthened board and balance sheet, the Company is better positioned than ever to deliver faster growth and higher levels of profitability once outside factors, most notably shipping, allow.

Paul Dolan and Federico Tonetti

Executive Chair and CEO

1 April 2022

CHIEF FINANCIAL OFFICER'S REPORT

Summary reflections on 2021

The outturn for 2021 was characterised by strong operational progress but constrained by sustained worldwide shipping dislocation, limited container availability and Covid-related disruption. Despite the difficulties, the Company is proud to deliver its first positive EBITDAS[2] of $1.0m (2020: loss $1.7m) as set out in the table below, as well as to have increased revenues by 14% and gross profit by 186% year on year. 2021 saw a gross profit margin rise to 20%, more than double the margin of 8% realised in 2020. In terms of segment contribution, our own production sales generated a margin of 30% in 2021 v 24% in 2020 and Trading of 3rd party products generated a margin of 11% in 2021 v 2% in 2020.

	Year ended 31 December 2021 $000	Year ended 31 December 2020 $000
Profit/(loss) before taxation from continuing operations	**90,702**	**(4,199)**
Add back fair value gain on biological assets	(4,253)	(9,515)
Add back finance costs	591	2,820
Add back gain on bargain purchase	(88,292)	-
Add back share based payment expense	233	200
Add back loss owing to theft	-	3,403
Add back loss on financial restructure	-	1,487
Add back contingent acquisition expense	-	2,171
Add back depreciation and amortisation	326	778
Add back depreciation in Cost of Sales	1,737	1,165
EBITDAS	**1,044**	**(1,690)**

In 2021 the Group also secured 71,000 hectares of additional high quality, virgin forest in Gabon, giving rise to an accounting Gain on Bargain Purchase of $88 million. Through this acquisition, the Company now has access to sufficient raw material to deliver on its near-term growth aspirations for its Forestry Division. The funding of this purchase, the investment to increase our production capacity (to keep up with the increased availability of raw materials) and the launch of our Carbon Solutions division in 2021 was made possible as a result of a fundraise of gross $8.5m completed in May 2021. We would like to thank the existing and new shareholders for their support in making this fundraise a success.

2021 Financial performance review

The prolonged impact of COVID-19 related disruptions, especially in the logistics chain, made 2021 another challenging year, but I am pleased to report that we achieved, following a necessary revision halfway through the year, our revenue and EBITDAS targets. Our first year of positive EBITDAS was achieved despite the widespread challenges.

In terms of the hard numbers, Revenue increased by 14% to $17.5 million in 2021 (2020: $15.3 million). Gross Profit was up 186% to $3.5 million compared to $1.2 million in 2020 reflecting the benefits of the investments made in recent periods, improved productivity, as well as economies of scale. Gross profit margin rose to 20%, more than double the 8% realised for the full year 2020. As expected, finance charges reduced by 79% to $0.6 million compared to $2.8 million in 2020 reflecting lower debt and we booked a Foreign exchange gain of $0.8 million (2020: gain $1.3 million).

We recorded a gross fair value gain of $4.3 million (2020: gain $9.5 million) on biological assets in 2021. The stable political conditions in Gabon, coupled with consistently achieving better prices than in 2019 and 2020 for the species in our concessions have prompted us to revalue upwards, the biological assets in that geography by $26.9 million (net of deferred tax). However, although the continued unrest in the Northern part of Mozambique has not affected the business, we have written down the value of the biological assets in that geography by $23.2 million as a result of lower forecast maximum permitted harvest rates. We continue to plan for improving our overall activity levels in that geography in 2022. Our Gabonese concessions now account for 88% of our total biological assets of $336.8 million (see note 11 for more details).

Revenues from own production increased by 83% from $4.4 million in 2020 to $8.0 million in 2021 and generated a gross margin of 24% in 2020 vs 30% in 2021. Third party Trading revenues decreased by 13% from $10.9 million in 2020 to $9.5

million in 2021, however gross margin increased from 2% in 2020 to 11% in 2021. Own production sales represented 29% of total sales in 2020 vs 46% in 2021. The higher margins achieved in each division in 2021, together with the change in divisional sales mix, resulted in an increase of overall margin from 8% in 2020 to 20% in 2021. See note 2 for further information.

The non-cash gain from bargain purchase arises due to the difference in accounting frameworks applied by the Company and LGFIB, the Gabonese company it acquired. Specifically, the difference relates to the measurement of Biological Assets. The Company applies IFRS which stipulates that acquired assets and liabilities be recognised, at the date of acquisition, at its fair value. LGFIB, who applied Gabonese accounting standards, does not carry Biological Assets on its Balance Sheet, but instead expensed the cost of acquiring it over time and no fair value assessment is made for accounting purposes. The Company applied IAS 41 when determining the Fair Value of the Biological Assets acquired. Further information on the inputs to the valuation is set out in Note 11. In addition to the effect of the different accounting standards applied, the previous owner's financial position, their inability to acquire finance to operate the asset and the threat of potentially losing it due to non-operation together with the quick exit and certainty of being paid offered by WoodBois contributed to the gain realised (see note 5).

Cash and working capital

In 2021 the Company's continuous cost improvement project focussed primarily on our operating cost structure and making it as flexible as possible given the expected impact of disruption due to COVID-19, specifically the impact on our ability to harvest, run more than one production shift per day and on shipping and logistics. Our contingency plans and quick reaction when needed resulted in a cost reduction of 16% in operating costs while increasing sawn timber production by 84% year on year and veneer production by 78% year on year. Our administration expenses increased by $0.3 million in 2021 compared to 2020 owing to the increased cost base related to our new Carbon Solutions Division and the senior hires made during the year.

Although not yet cash flow positive, we managed to reduce our cash outflow from operating activities to $2.5 million from outflows of $5.5 million in 2020 and $10.6 million in 2019. Our largest items of investment were the acquisition of the additional forest ($1.5 million of which $1.1 million had been paid by year end) and the additional investment in harvesting and production plant and machinery ($4.3 million). Our year end 2021 cash of $0.9 million compared with $2.6 million at the end of 2020.

At the end of 2021 the Group's receivables and inventory were $10.8 million (2020: $8.7 million), whilst payables and similar were $4.5 million (2020: $4.5 million). Total borrowings (excluding the convertible bond) reduced from $8.7 million in 2020 to $8.3 million at the end of 2021. Of this $5.4 million (2020: $6.2 million) was classified as current. As explained in note 16, $3.2 million of this is a revolving facility with a Danish bank with no specified maturity date and which, although there is no expectation it will need to be repaid in 2022, has nonetheless been classified as a current liability, consistent with the prior year. Net working capital was $2.0 million, up from $0.7 million in 2020.

Net Assets

The Company significantly increased net assets year-on-year, from $156.8 million in 2020 to $258.4 million, largely due to the revaluation of our properties in Gabon and the purchase of LGFIB.

During the first half of 2021 a total of 326 million Non-Voting Ordinary Shares have been converted into Voting Ordinary Shares.

On 17 May 2021, the Company completed a fundraise. As a result, 100 million Voting Ordinary shares were admitted for trading on AIM at a price of 6 pence per ordinary share (the "Placing Price"). At 31 December 2021 the Group's share capital of 2,482 million ordinary shares, was comprised of 1,857 million Voting Shares and 625 million 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 2022

The Company is primed to deliver on its growth aspirations and remains confident of materially increasing revenues and profitability during 2022, subject to shipping and container availability. The frustration, specifically with regards to uncertainty of cash generation and timing that these shipping and logistics constraints had put on the business in 2021 is expected to continue, at least in the first half of 2022. To weather near term cash needs caused by these disruptions, in January 2022 the Company put in place short- and medium-term loan facilities of an aggregate $4 million with its two largest shareholders. One of these facilities, a two-year general-purpose facility of $2 million (at 8.5% interest) was fully-drawn in February 2022, the other is currently undrawn and is conditional on approval by the lender at the time of drawing. These facilities are intended to ensure a stronger working capital position as the Company works through the logistical challenges it faces to deliver inventory to customers, and to ensure the effects of shipping delays and Covid-related disruption can be more easily dealt with until that industry normalises. In March 2022 a further liquidity boost was secured for our trading division through our Danish banking partners who increased our working capital facility by $2.3 million and adjusted the interest on that facility down from 2.5% per annum to 2.0% per annum.

Demand for our products remains high and the resulting price increases experienced in 2021 largely compensated for the higher logistics costs experienced. We expect to maintain and modestly improve on this margin expansion in 2022. Our Capital expenditure projects are expected to complete during 2022 and we continue towards FSC certification of both of our production facilities and our forest.

On the 28th of March 2022 our cash balance was $2.7 million, with estimated net working capital of $10.6 million and interest-bearing bank and other borrowings of $12.1 million.

As we navigate our way through these challenging times, our focus is strongly on ensuring that the business becomes cash flow positive.

Carnel Geddes

Chief Financial Officer

1 April 2022

SOCIAL IMPACT AND SUSTAINABILITY

With ESG investments increasing and sustainable forestry management an increasingly important focal point in the mitigation of deforestation and climate change, Woodbois remains fully committed to being a leader in terms of transparency and best practices. Despite the challenges brought on by the coronavirus pandemic, we were able to keep our team safe in 2021. Woodbois forest management strategy is designed to ensure the long-term protection of the forests in which we operate while social and economic benefits as well as value creation for all stakeholders.

Health and Safety

Though coronavirus lockdowns again reduced shifts and the number of employees allowed at Woodbois manufacturing sites during 2021, we took this opportunity to invest in up-skilling and training, with a heavy focus on Health & Safety. We also implemented continuous improvement initiatives and lean manufacturing processes with the idea of building a culture where everyone is encouraged to contribute to enhancing workplace safety and production efficiency. The impact has been considerable - we have since set consecutive production records and consider our approach to continuous improvement to be of a world-class standard.

In 2021, Woodbois was again recognised for its sustainable approach in the Sustainability Policy Transparency Toolkit ('SPOTT'') ESG policy transparency assessments for the worldwide timber and pulp industries. In the annual assessment of operations and approaches to ESG in 2021, Woodbois was ranked sixth out of more than 100 companies by SPOTT, and highest amongst the public companies. This was our second year of assessment, and saw the Company move further up the rankings, reflecting our efforts to improve the standards of our ESG policies, providing transparency and good governance along with our sustainability focussed operating model.

Reforestation and Carbon Credits

The opportunity to deliver reforestation projects in Africa, generating carbon credits for corporates in the Voluntary Carbon Markets adds an additional and important strand to Woodbois' credentials as a sustainability-focused company. Photosynthetic carbon capture is amongst the most effective ways available of limiting and reducing atmospheric CO2 concentrations and our entry into The Voluntary Carbon Markets will see Woodbois providing a mechanism for companies to offset their emissions by acquiring credits provided by our reforestation based carbon sequestration solutions. As well as making a positive contribution to the global effort to tackle climate change, we anticipate our entry into reforestation and the provision of carbon credits through high-quality projects in the Voluntary Carbon Market to make a positive contribution to biodiversity, local skilling and employment. Woodbois anticipates that its pilot project will begin during 2022 following approval by the Gabonese government

FSC Certification

The Company initiated its journey towards FSC Certification in 2021, with the Programme for the Endorsement of Forest Certification ("PEFC"), the leading global alliance of national forest certification systems. PEFC is a programme sponsored by The Central African Forest Commission and KfW, the German state-owned development bank, who have been providing us with third party certification support. The Company has completed more than half of the certification process.

Our Communities

During the pandemic we have continued to support the communities where we operate through the provision of essential food items. We consider assisting in the wellbeing of our employees and others in our communities to be of paramount importance and intend to continue to be a well-regarded corporate citizen.

Ambitions

Through our various operations we aim to be recognised as one of the best-in-class ESG companies in the worldwide timber industry. The directors submit their report on the affairs of the Group, together with the financial statements and auditor's report for the year ended 31 December 2021.

DIRECTORS' REPORT

PRINCIPAL ACTIVITIES AND CORPORATE DEVELOPMENT

The principal activities of Woodbois Limited ("Woodbois") during 2021, together with its subsidiaries (the "Group") were forestry and timber trading. 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's review.

RESULTS AND DIVIDENDS

The consolidated profit for the year after taxation from continuing operations attributable to shareholders was $90.1 million (2020: consolidated loss $6.4 million), of which $88.3 million was attributable to the gain on bargain purchase and $4.3m to the gain on biological assets.

The directors do not recommend payment of an ordinary dividend (2020: $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 100m new Ordinary Shares and 326m Non-Voting shares were converted into Voting Shares. The Company has unlimited authorised share capital divided into ordinary shares of 1p each, of which 2,482,117,053 had been issued as at 31 December 2021 and at 31 March 2022, comprised of 1,857,117,053 Voting shares and 625,000,000 Non-Voting shares

POST BALANCE SHEET EVENTS

Please refer to note 23 of the financial statements, in addition to the Executive Chair and CEO 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:

P Dolan		*(Executive Chair)*
H Ghossein		*(Deputy Chair)*
F Tonetti	*(Appointed 8 November 2021)*	*(Chief Executive Officer)*
C Geddes		*(Chief Financial Officer)*
G Thomson		*(Senior Independent Non-Executive Director)*
D Rothschild	*(Appointed 1 November 2021)*	*(Independent Non-Executive Director)*
H Turcan		*(Non-Executive Director)*

DIRECTORS' INDEMNITY INSURANCE

The Group's policy is to maintain directors and officers insurance and to indemnify 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 2021 and at the date of this report were:

Shareholding	Percentage of Voting Shares held 2021	Percentage of Voting Shares held 2020	Voting Ordinary shares of 1p each 2021	Voting Ordinary shares of 1p each 2020
P Dolan	4.06%	5.27%	75,400,032	75,400,032
H Ghossein	1.13%	1.47%	21,075,736	21,075,736
G Thomson	0.07%	0.09%	1,250,000	1,250,000
F Tonetti	-	-	-	-
C Geddes	-	-	-	-
D Rothschild	-	-	-	-
H Turcan	-	-	-	-

P Dolan, Executive Chair of Woodbois Limited, held 75,400,032 Voting Shares (4.06%): 72,517,461 of his Voting Shares in the Company are held through HSBC Client Holdings Nominee (UK) Limited, with the remainder being held as paper certificates.

H Turcan is a representative of Lombard Odier which holds 395,540,230 Voting Shares (21.30%)

Share Options

At the start of 2021 a total of 144.5 million share options were in issue. During the year a total of 32.5m lapsed. On 8 November 2021 it was announced that 30.0m Long Term Incentive Plan shares (LTIP's) were intended to be allocated to F Tonetti, the new CEO and on 1 March 2022 the Company announced it had issued these and a further 38.0m LTIP's to other Executive Directors and staff. The vesting of all of the awards is substantially geared towards material improvement in both operating results and share price appreciation: these are further described in the Post Balance Sheet note and in the Remuneration Committee Report.

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

Director	Total number of Share Options held as at 31 December 2020 (2p exercise price)	Number of LTIP's granted on 1 March 2022 at an exercise price of 1p per Share	Total number of Shares under option	Share Options as a % of Issued Share Capital[2]
P Dolan (Executive Chair)	50,000,000	4,000,000	54,000,000	2.18%
F Tonetti (CEO)	-	30,000,000	30,000,000	1.21%
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 (Senior NED)	10,000,000	-	10,000,000	0.40%

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.

DIRECTORS' REMUNERATION

The audited remuneration of the individual directors who served in the year to 31 December 2021 was:

	Salary or fees $000	Benefits $000	Total 2021 $000	Total 2020 $000
P Dolan	200	-	200	200
H Ghossein	220	42	262	259
F Tonetti (appointed 8 November 2021)	69	1	70	-
C Geddes[3]	200	-	200	200
G Thomson	69	-	69	42
D Rothschild (Appointed 1 November 2021)	9	-	9	-
H Turcan[4]	-	-	-	6
J Hansen *(Resigned - 11 April 2020)*	-	-	-	92
Z Abbas *(Resigned - 11 April 2020)*	-	-	-	89
K Milne *(Resigned - 29 April 2020)*	-	-	-	10
Total	767	43	810	898

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

The above table excludes deferred consideration payments made directly to or to companies owned and controlled by H Ghossein of $0.5 million in 2021 (2020: $0.168 million) and J Hansen of $nil in 2021 (2020: $0.091 million). These payments arose on the purchase of WoodBois International ApS in 2017 and as amended under the Deed of Variation completed on 5 August 2020.

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. In the event of a take-over, the directors' contracts relating to P Dolan, H Ghossein and C Geddes provide for compensation of one year's salary on the take-over in the event that the Executive loses his or her position.

Non-Executive Directors are employed on letters of appointment which may be terminated on not less than 3 months' notice. The basic fees payable at the end of the year to Graeme Thomson as Senior Independent Non-Executive Director are £50,000 pa and £40,000 pa to David Rothschild as Independent Non-Executive Director. Since April 2020 Lombard Odier has temporarily waived the fee of $25,000 pa for the provision of the services of Henry Turcan.

PROFILES OF THE CURRENT DIRECTORS

P DOLAN, AGED 57, EXECUTIVE CHAIR
Based in the UK, Mr Dolan held senior management positions within banking and hedge funds prior to joining Woodbois. He has consistently built award winning, world-class teams employing custom-built technology to manage substantial pools of human and financial capital across a diversified group of asset classes ranging from fixed income and equity derivatives to soft commodities and forestry.

FEDERICO TONETTI, AGED 49, CHIEF EXECUTIVE OFFICER
Federico spent more than 20 years in General Management, Global Functional and Sales & Marketing positions for a variety of multinational organisations across eight different countries, as well as four years in Strategy Consulting at Bain & Company. He has a bachelor degree in Economics at Bocconi University (Milan) and a post-graduate international MBA at Instituto de Empresa (Madrid). Federico lives in London with his wife and their two young children. He is a CTI coach and extremely passionate about mountain sports, rock music, leadership and sustainability.

C GEDDES, AGED 43, 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 the largest South African pomegranate farming and export company, Pomona, since 2008. She is also the Chair of POMASA, the Pomegranate Growers Association of South Africa.

H GHOSSEIN, AGED 60, DEPUTY CHAIR
Based in Gabon, Mr Ghossein has 25 years of experience managing forestry operations, including full ownership of a forestry business. He previously served as a diplomat, travelling extensively across Africa, as well as owning various trading and real estate companies. Hadi is fluent in Arabic, French, Portuguese and English and holds Gabonese citizenship.

G THOMSON, AGED 64, NON-EXECUTIVE DIRECTOR (SENIOR INDEPENDENT)
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.

DAVID ROTHSCHILD, AGED 62, NON-EXECUTIVE DIRECTOR (INDEPENDENT)
David has a wide range of experience in growing businesses and improving their performance as a senior manager and adviser. He has been active in the African resource and agricultural sectors over the past 20 years, including as co-developer of a Liberian greenfield sustainable palm oil operation, and as advisor on environmental and social action

planning. He has also been actively involved in governmental and NGO relations and was an early Steering Committee Member of the High Carbon Stock Approach Group, which ensures responsible development. A French speaker with over 40 years experience in international business, including six years at the consultancy, McKinsey & Co, he is a dual national of the USA and South Africa and holds both B.Com and MBA degrees.

H TURCAN, AGED 47, NON-EXECUTIVE DIRECTOR
Mr Turcan has worked in financial services since 1996, with a focus on equity capital markets. Having spent the majority of his career advising growth companies within investment banking he joined the Volantis team at Henderson Global Investors in 2015, which subsequently transferred to Lombard Odier Investment Management in 2017 becoming known as 1798 Volantis. He graduated with an MA (Hons) in Modern Languages from Edinburgh University and is a Member of the Securities Institute. He is a representative of the funds managed or sub-advised by Lombard Odier Investments Manager group entities, collectively the Company's largest shareholder.

SUBSTANTIAL SHAREHOLDERS

The Company has been notified 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
Rhino Ventures Limited *	414,500,000	22.32%
Lombard Odier Asset Management (Europe) Limited	395,540,230	21.30%
Premier Miton Group Plc	174,950,389	9.42%
MCM Investment Partners SPC - MCM Sustainable Resource SP	113,825,000	6.13%
Sparta Premier S.A.	100,000,000	5.38%
P Dolan (Executive Chair)	75,400,032	4.06%

* M Pelham, former Chair, is the beneficial owner of Rhino Ventures Limited, which is the owner of 100% of the 625,000,000 Non-Voting shares in the Company.

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 annual Sustainability Report.

The Group had two divisions during the year Trading and Forestry, and on 8 March 2021 announced that it had established an Aforestation and Carbon Credit division (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 attend and vote at the AGM and any other General Meeting's which are convened throughout the year, 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 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.

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

The business of 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 2021.

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.

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 2021 the Board met 20 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 four Executive Directors, two Independent Non-Executive Directors and one Non-Independent Non-Executive Director. During 2021 the number of Executive Directors was increased by one in order to comply with the Code by separating the roles of Chair and Chief Executive Officer. An additional Independent Non-Executive Director was appointed during 2021. 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 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.

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 Nomination 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.

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 overall business is determined by a Management Committee, setting 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. Detailed information packs are prepared bi-weekly to cover each major area of the business. 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 currently 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 in 2021.

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 formally 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 market place.

There were three main elements of the remuneration packages for Executive Directors and senior management in 2021:

- Basic annual salary (including directors' fees) and benefits;
- Discretionary annual bonus; and
- Equity Option incentive scheme,
- 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 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 that are 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.

RISK MANAGEMENT

The business of 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. The extent of the impact of a pandemic will be correlated with the magnitude and duration thereof, both aspects of which will be uncertain (impact of coronavirus *("COVID-19") considered separately below)*. 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.
The continuation of these circumstances could result in an even broader economic downturn which could have a prolonged negative impact on an entity's financial results. What recovery/emergence may look like will also be speculation.
The Board observes any pandemic developments across the world and continuously considers the potential impact on the Company's operations, the safety of its employees and the potential need for disclosures to be made to the market and as the situation unfolds. Specifically, the Board will consider:

- Impact on liquidity and cash flow estimates;
- Valuation, recoverability and impairment of assets;
- Contract modifications;
- Events after the end of the reporting period;
- Revision of material judgements and estimates;
- Whether the Company remains a going concern;
- Whether any restructuring is required;
- Whether onerous contracts provisions are necessary;
- The extent to which insurance recoveries may be available;
- Availability of government assistance;
- Potential breach of any covenants.

Impact of coronavirus ("COVID-19")

Given the on-going and dynamic nature of the COVID-19 outbreak, it is challenging to predict the impact on our Company. The extent of such impact will depend on future developments, which are highly uncertain, including the resurgence of COVID-19 as restrictions are eased or lifted, new information that may emerge concerning the spread and severity of COVID-19, and actions taken to address its impact, among others. It is difficult to predict how this virus may affect our business in the future, including its effect (positive or negative; long or short term) on the demand and price for our products. It is possible that COVID-19, particularly if it has a prolonged duration, could have a further material adverse effect on our supply chain, market pricing, customer demand, and distribution networks. These factors may further impact our operating plans, business, financial condition, liquidity, and operating results, which would, in turn, affect our estimates, including the valuation of inventories, allowance for expected credit losses, fair value measurements, the valuation of long-lived assets, and cash flow projections used for impairment testing. Actual results may materially differ from these estimates.

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, however the risk of political unrest disruptive to the Group's areas of operations remains low. It is noted that since 2017 the insurgency in Cabo Delgado Province, Mozambique has been ongoing. Although currently unaffected by the conflict, the Board continues to closely monitoring any wider implications.

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 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 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 for its irrigation 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 pests and the adoption of irrigation methods. 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 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. The Group had net cash balances of $0.9 million as at 31 December 2021 (2020: $2.6m).

INTEREST RATE RISK

The Group has limited its exposure to the risk of being negatively affected by variable interest rates by predominantly borrowing using fixed interest instruments. Refer to note 14 for a detailed assessment

CREDIT RISK

The Group's principal financial asset is cash. The credit risk associated with cash is considered to be limited. The Group 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 received prior to the risk of ownership being transferred to the purchaser. 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.

DONATIONS

No political or charitable donations were made during the year (2020: 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 2022 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 2021 and a resolution to reappoint then will be proposed at the 2022 AGM.

On behalf of the Board

Carnel Geddes

Chief Financial Officer

1 April 2022

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the group financial statements of Woodbois Limited (the 'group') for the year ended 31 December 2021 which comprise the Consolidated Statement of Profit or Loss and other Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the consolidated financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is Companies (Guernsey) Law, 2008 and UK-adopted international accounting standards.

In our opinion, the group financial statements:

· give a true and fair view of the state of the group's affairs as at 31 December 2021 and of its profit for the year then ended;

· have been properly prepared in accordance with UK-adopted international accounting standards; and

· have been prepared in accordance with the requirements of Section 262(2)(c) 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 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 director's 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 April 2023. We assessed the assumptions within the forecast with regards to revenue generation, capital funding and cash flows.

· Review and challenge of 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.

· Performing sensitivity analysis on management's forecast cash flows.

· A comparison of actual results for the year to past budgets to assess the forecasting ability/accuracy of management.

· Agreeing available borrowing facilities to underlying agreements and the extent to which additional facilities could be utilised and funds raised from other sources.

· Assessing the adequacy of going concern disclosures 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 including within the scope of our audit and the extent of sample sizes during the audit.

We determined our overall financial statements materiality to be US$448,000 (2020: US$420,000). This was based on an average of three year's adjusted profit or loss before tax, calculated by removing all items deemed reasonably to be outside the normal course of business, such as the contingent asset acquisition expense in the prior year and the gain on bargain purchase in the current year, as these are outside the normal underlying trading activities of the group. We consider adjusted profit or loss before tax to be the performance measure used by the shareholders as Woodbois Limited is a trading entity and its profit-making ability is a significant point of interest for investors.

We set performance materiality at 70% (2020:70%) of overall financial statements 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 report to the Directors all corrected and uncorrected misstatements we identified through our audit with a value in excess of $15,680 (2020: $17,866) for the Group, in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

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 in South Africa 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 Mauritius, Gabon, Mozambique, Denmark and London therefore given the nature of the accounting function, our audit was conducted by local component auditors within Gabon, Mozambique, Denmark and Mauritius.

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 six 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 challenge 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)	
The group's principal non-current assets relate to standing timber within the forestry concessions. These biological assets represent the most material balance in the financial statements at US$336.7m as at 31 December 2021. Management assess at each reporting date the fair value of the standing timber on a discounted cash flow basis which involves significant Management judgement and estimates. There is a risk that the biological assets are misstated due to complex accounting treatment required by IAS 41 Biological assets and a high degree of estimation and judgement by management in their valuation. We therefore consider the valuation of biological assets and the related disclosures to be a key audit matter.	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 discount rate used and challenging the key inputs involved in arriving at the rate applied; 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 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.
Valuation of Gain on Bargain Purchase (note 5d)	
During the year, Woodbois Gabon acquired LGFIB Gabon. Upon acquisition a gain on bargain purchase of $88.3m was realised. The gain on bargain purchase has arisen as a result of the valuation of the forestry concession held by the entity. Management has assessed the fair value of the forestry concession upon acquisition and at the reporting date the fair value of the standing timber on a discounted cash flow basis which involves significant Management judgement and estimate. There is a risk that, due to the high level management judgement and estimation involved that the value attributed to the bargain purchase is inaccurate.	Our work included: Reviewing the identifiable assets and liabilities acquired at the acquisition date. Challenging the underlying assumptions used in identifying the fair value of the assets and liabilities Assessing the consideration transferred and the accounting of any acquisition related costs.

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 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 its 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 [management, industry research, review of component auditor work papers, 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, local regulations and employment laws applicable to the subsidiaries.
- 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, 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 engagement letter. 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.

Joseph Archer (Senior Statutory Auditor)

Westferry Circus

For and on behalf of PKF Littlejohn LLP Canary Wharf

Statutory Auditor London E14 4HD

1 April 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND TOTAL COMPREHENSIVE INCOME

	Notes	2021	2020
Continuing operations		$000	$000
Turnover	2	17,465	15,260
Cost of sales	2	(13,970)	(14,038)
Gross profit		3,495	1,222
Gain on fair value of biological assets	11	4,253	9,515
Operating costs		(3,620)	(4,287)
Administrative expenses		(1,324)	(1,017)
Depreciation		(326)	(778)
Share based payment expense	21	(233)	(200)
Operating profit	3	2,245	4,455
Contingent acquisition expense	22	-	(2,171)
Loss on financial restructure		-	(1,487)
Loss owing to theft		-	(3,403)
Gain on bargain purchase	5	88,292	-
Foreign exchange gain		756	1,227
Finance costs	6	(591)	(2,820)
Profit/(loss) before taxation		90,702	(4,199)
Taxation	7	(591)	(2,192)
Profit/(loss) for the year from continuing operations		90,111	(6,391)
Discontinued operations			
Loss from discontinued operations, net of tax		-	(146)
Profit/(loss) for the year	8	90,111	(6,537)
Other comprehensive income			
Items that may subsequently be recognised in profit or loss			
Currency translation differences, net of tax		(3,032)	(420)
Items that may not subsequently be recognised in profit or loss			
Revaluation of land and buildings	10	6,254	-
Total comprehensive income for the year		93,333	(6,957)
Total comprehensive income attributable to equity shareholders arises from:			
- Continuing operations		93,333	(6,811)
- Discontinued operations		-	(146)
Total comprehensive income for the year		93,333	(6,957)
Basic earnings/(loss) per share	8		
From continuing operations (cents)		3.69	(0.51)
From discontinued operations (cents)		-	(0.01)
Diluted earnings per share	8		
From continuing operations (cents)		3.65	-

The notes form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Convertible bonds	Foreign exchange reserve *	Share based payment reserve (note 21)	Revaluation Reserve (note 10)	Retained earnings	Total equity
	$000	$000	$000	$000	$000	$000	$000	$000
AT 1 JANUARY 2020	6,757	35,130	1,495	(4,871)	968	-	77,708	117,187
Loss for the year	-	-	-	-	-	-	(6,537)	(6,537)
Other comprehensive income for the year	-	-	-	(420)	-	-	-	(420)
Total comprehensive income for the year	-	-	-	(420)	-	-	(6,537)	(6,957)
Transactions with owners:								
Issue of ordinary shares	24,362	23,479	-	-	-	-	-	47,841
Redemption of convertible bonds	-	-	(1,443)	-	-	-	-	(1,443)
Share based payment expense	-	-	-	-	200	-	-	200
Share options forfeited	-	-	-	-	(942)	-	942	-
AT 31 DECEMBER 2020	31,119	58,609	52	(5,291)	226	-	72,113	156,828
Profit for the year	-	-	-	-	-	-	90,111	90,111
Other comprehensive income for the year	-	-	-	(3,032)	-	6,254	-	3,222
Total comprehensive income for the year	-	-	-	(3,032)	-	6,254	90,111	93,333
Transactions with owners:								
Issue of ordinary shares	1,409	6,645	-	-	-	-	-	8,054
Share based payment expense	-	-	-	-	233	-	-	233
Share options forfeited	-	-	-	-	(24)	-	24	-
AT 31 DECEMBER 2021	32,528	65,254	52	(8,323)	435	6,254	162,248	258,448

* 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 form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	2021 $000	2020 $000
ASSETS			
NON-CURRENT ASSETS			
Biological assets	11	336,798	204,223
Property, plant and equipment	9	30,119	20,203
TOTAL NON-CURRENT ASSETS		366,917	224,426
CURRENT ASSETS			
Trade and other receivables	12	4,616	3,761
Inventory	13	6,159	4,893
Cash and cash equivalents	14	887	2,560
TOTAL CURRENT ASSETS		11,662	11,214
TOTAL ASSETS		378,579	235,640
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	15	(4,078)	(3,590)
Borrowings	16	(5,369)	(6,223)
Provision	20	(130)	(132)
Contingent acquisition liability	22	(250)	(750)
TOTAL CURRENT LIABILITIES		(9,827)	(10,695)
NON-CURRENT LIABILITIES			
Borrowings	16	(2,898)	(2,487)
Deferred tax	7	(106,475)	(64,788)
Convertible bonds - host liability	17	(931)	(842)
TOTAL NON-CURRENT LIABILITIES		(110,304)	(68,117)
TOTAL LIABILITIES		(120,131)	(78,812)
NET ASSETS		258,448	156,828
EQUITY			
Share capital	18	32,528	31,119
Share premium	19	65,254	58,609
Convertible bonds - equity component	17	52	52
Foreign exchange reserve			

Share based payment reserve	21	(8,323) 435	(5,291) 226
Revaluation reserve		6,254	-
Retained earnings		162,248	72,113
TOTAL EQUITY		258,448	156,828

The notes form an integral part of the consolidated financial statements. The consolidated financial statements were authorised for issue by the board of directors on 1 April 2022 and were signed on its behalf.

Carnel Geddes
Chief Financial Officer

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2021 $000	2020 $000
CASH USED IN OPERATIONS			
Loss before taxation - continuing operations		90,702	(4,199)
Loss before taxation - discontinued operations		-	(146)
Loss before taxation		90,702	(4,345)
Adjustment for:			
Depreciation of property, plant and equipment	9	2,063	1,942
Fair value adjustment of biological asset	11	(4,253)	(9,515)
Transaction costs deducted from equity		(42)	(323)
Foreign exchange		(756)	(1,227)
Loss owing to theft		-	3,403
Provision expense		-	111
Loss on financial restructure		-	1,487
Contingent acquisition expense		-	2,171
Accrued expense	15	391	671
Doubtful debts expense	14	-	184
Share based payments	21	233	200
Finance costs	6	591	2,820
Gain on bargain purchase	5	(88,292)	-
(Increase)/decrease in trade and other receivables		(838)	1,166
Decrease in trade and other payables		(460)	(2,705)
Increase in inventory		(1,267)	(512)
CASH FLOWS FROM OPERATIONS		(1,928)	(4,472)
Finance costs paid		(495)	(913)
Income taxes paid		(57)	(68)
CASH FLOWS FROM OPERATING ACTIVITIES		(2,480)	(5,453)
CASH FLOWS FROM INVESTING ACTIVITIES			
Expenditure on property, plant and equipment	9	(4,310)	(1,587)
Settlement of deferred consideration	22	(500)	-
Investment in acquired subsidiary	5	(1,107)	-
CASH FLOWS FROM INVESTING ACTIVITIES		(5,917)	(1,587)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Payments)/receipts from loans and borrowings		(1,387)	1,133
Proceeds from internal trade finance		-	500
Settlement of trade finance		-	(3,390)
Proceeds from the issue of ordinary shares (net of issue costs)		8,111	9,867
CASH FLOWS FROM FINANCING ACTIVITIES		6,724	8,110
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(1,673)	1,070
Cash and cash equivalents at beginning of year		2,560	1,490
CASH AND CASH EQUIVALENTS AT END OF YEAR		887	2,560

Net debt reconciliation

	2020 $000	Cash flow $000	Non-cash changes $000	2021 $000
Borrowings	8,710	(1,387)	945	8,268

The notes form an integral part of the consolidated financial statements.

NOTES TO 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 herein have been consistently applied.

The principal activities and nature of the business are detailed above.

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 functional 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 2021, the Group held equity interests in the following undertakings:

Proportion

Subsidiary undertakings	held of voting rights	Country of incorporation	Nature of business
Direct investments			
Woodbois Services Limited	100%	United Kingdom	Shared services
Woodbois Trading Limited	100%	Hong Kong	Financier
Argento Limited	100%	Mauritius	Holding / treasury company - Forestry and Trading
Woodbois Liberia Inc.	100%	Liberia	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	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, W1JNW
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
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	Boite Postale 5333, Montée de Louis vers L'Ex Maringa, 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 2021. 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 16	Covid-19-Related Rent Concessions
IFRS 9, 7, 4, 16	Interest Rate Benchmark Reform - Phase 2

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 37	Onerous Contracts - Cost of Fulfilling a Contract
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use
IFRS 1, 9, 16 and IAS 41	Annual Improvements to IFRS Standards 2018-2020 Cycle
IAS 1	Classification of Liabilities as Current or Non-current
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

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 (2020: forestry, trading and head office). Carbon solutions was formally established during 2021 while the head office segment was reallocated and absorbed by the three remaining divisions.

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 2021	Annual average for 2021	At 31 December 2020	Annual average for 2020
UK Pound	1.35	1.38	1.36	1.29
Mozambique Metical	63.83	65.33	74.89	70.02
Danish Krone	6.57	6.29	6.06	6.51
West African CFA franc	579.26	556.02	533.99	572.81

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.

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 comprise 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.

DISCONTINUED OPERATIONS

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

PROPERTY, PLANT AND EQUIPMENT

Land and Buildings are recognised at fair value based on periodic, but at least triennial, 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 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 OCI.

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.

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 including a base case which includes financing being raised but only trade financing, the terms of which have been signed at the date of these consolidated financial statements. In their scenario planning management have considered inter alia:

- 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;
- operational risks; and
- COVID-19 related impacts.

The forecasts, including the base case, show that the Company has adequate resources to continue in operational existence for the foreseeable future and it can meet its liabilities as they fall due in the next 12 months. The directors therefore 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. Carbon solutions was formally established during 2021 while the head office segment was reallocated and absorbed by the three remaining divisions. These are the Group's primary reporting segments, operating in Gabon, Mozambique, Denmark, Guernsey and head operating offices in Mauritius. Certain support services are performed in the UK.

As on 31 December 2021 sales made to one customer during the year accounted for 10% (2020 9%) 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 2021. All amounts are disclosed after taking into account any intra-segment and intra-group eliminations:

2021	Forestry	Trading	Carbon Solutions	Total
	$000	$000	$000	$000
INCOME STATEMENT				
Turnover	7,988	9,477	-	17,465
Cost of Sales	(5,569)	(8,401)	-	(13,970)
Gross profit	2,419	1,076	-	3,495
Operating costs	(1,511)	(1,531)	(578)	(3,620)
Administrative expenses	(330)	(334)	(660)	(1,324)
Depreciation	(321)	(5)	-	(326)
Share based payment expense	(59)	(58)	(116)	(233)
Gain on fair value of biological assets	4,253	-	-	4,253
Segment operating profit/(loss)	4,451	(852)	(1,354)	2,245
Finance costs	(241)	(350)	-	(591)
Foreign exchange (loss)/gain	(78)	834	-	756
Bargain purchase	88,292	-	-	88,292
Profit/(loss) before taxation	92,424	(368)	(1,354)	90,702
Taxation	(591)	-	-	(591)
Profit/(loss) for the year from Continuing Operations	91,833	(368)	(1,354)	90,111
NET ASSETS				
Assets:	370,433	8,146	-	378,579
Liabilities:	(3,901)	(9,755)	-	(13,656)
Deferred tax liability	(106,475)	-	-	(106,475)
Net assets	260,057	(1,609)	-	258,448

The following table shows the segment analysis of the Group's loss before tax for the year and net assets at 31 December 2020. All amounts are disclosed after taking into account any intra-segment and intra-group eliminations:

2020 (restated[5])	Forestry	Trading	Total
	$000	$000	$000
INCOME STATEMENT			
Turnover	4,357	10,903	15,260
Cost of Sales	(3,308)	(10,730)	(14,038)
Gross profit	1,049	173	1,222
Operating costs	(2,609)	(1,678)	(4,287)
Administrative expenses	(503)	(514)	(1,017)
Depreciation	(763)	(15)	(778)
Share based payment expense	(83)	(117)	(200)
Gain on fair value of biological assets	9,515	-	9,515
Segment operating profit/(loss)	6,606	(2,151)	4,455
Finance costs	(1,499)	(1,321)	(2,820)
Loss on restructure	498	(1,985)	(1,487)
Contingent acquisition expense	(1,086)	(1,085)	(2,171)
Loss owing to theft	-	(3,403)	(3,403)
Foreign exchange gain	414	813	1,227
Profit/(loss) before taxation	4,933	(9,132)	(4,199)
Taxation	(2,192)	-	(2,192)
Profit/(loss) for the year from Continuing Operations	2,741	(9,132)	(6,391)
NET ASSETS (restated[5])			
Assets:	226,587	9,053	235,640
Liabilities:	(2,729)	(11,295)	(14,024)
Deferred tax liability	(64,788)	-	(64,788)
Net assets	159,070	(2,242)	156,828

Geographical information

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

2021	Denmark	Gabon	Mozambique	Total
	$000	$000	$000	$000
External sales	9,477	7,710	278	17,465
Non-Current Assets	273	326,884	39,760	366,917

2020	$000	$000	$000	$000
External sales	10,903	4,057	300	15,260
Non-Current Assets				

Non-Current Assets	90	150,445	73,892	224,427

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

Location:	2021 $000	2020 $000
Pakistan	4,418	3,343
Libya	2,790	1,252
Bangladesh	1,535	908
Dominican Republic	1,220	417
Turkey	901	531
Morocco	732	627
Iraq	690	563
Vietnam	649	551
USA	569	122
	13,504	8,314

3. OPERATING PROFIT

	2021 $000	2020 $000
Operating profit is stated after charging/(crediting):		
Depreciation of property, plant and equipment	2,063	1,942
Staff costs (see note 4)	3,936	2,985
Share based payment reserve expense (see note 21)	233	200
Operating lease costs	81	51
Gain on fair value of Biological assets (see note 11)	(4,253)	(9,515)
Auditor's remuneration:		
Audit services		
- fees payable to the Company's auditor for the audit of the consolidated accounts	75	71
Fees payable to associates of the Company's auditor		
- auditing the accounts of subsidiaries pursuant to legislation	70	84

4. EMPLOYEE INFORMATION

	2021 Number	2020 Number
The average monthly number of persons (including directors) employed by the Group during the year was:		
Administration and management	5	4
Carbon solutions	2	-
Agriculture	-	1
Forestry	342	245
Trading	9	10
	358	260

	2021 $000	2020 $000
The aggregate remuneration comprised:		
Wages and salaries	3,834	2,942
Social security costs	102	43
	3,936	2,985

	2021 $000	2020 $000
Directors' remuneration included in the aggregate remuneration above comprised		
Emoluments for qualifying services	810	898

Included above are emoluments of $262,000 (2020: $259,000) in respect of the highest paid director. Deferred final acquisition payments arising from the acquisition of WoodBois International ApS are excluded in both periods. Full details of directors' remuneration are included in the Directors' Report.

Pension contributions of $13,750 (2020: $15,701) were made on behalf of the directors and other staff members.

5. ACQUISITION OF SUBSIDIARY

On 6 August 2021, the Group acquired 100% of the shares and voting interests in Forêts et de l'Industrie du Bois ("LGFIB") for a cash consideration of $1.5 million.

Through the acquisition of LGFIB, the Group acquired 71,000 hectares of forest concessions in Gabon. This additional hectarage, which is located within 100km of our manufacturing base in Mouila, will provide the increased levels of sustainably harvested timber required as additional production capacity comes online at our sawmill and veneer factory.

No harvesting has taken place during the 2021 financial year in the newly acquired concession and therefore the acquisition of LGFIB has not materially contributed to the consolidated revenue and profit for the period.

A. Consideration transferred

A cash consideration of $1.534m represents the acquisition-date fair value of the total consideration transferred.

B. Acquisition related costs

Acquisition related costs spent on legal and due diligence were expensed and have been included in operating costs.

C. Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	Note	$000
Biological assets	11	128,322
Deferred tax	7	(38,496)
Total identifiable net assets acquired		89,826

D. Gain on bargain purchase

A gain from bargain purchase arising from the acquisition has been recognised as follows.

	Note	$000
Consideration transferred	A	(1,534)
Fair value of identifiable net assets	C	89,826
Gain on bargain purchase		88,292

Occasionally, an acquirer will make a bargain purchase. This is usually in a business combination that is a forced sale in which the seller is acting under compulsion. In this case, the sellers were not distressed and not acting under compulsion.

The gain on bargain purchase arises due to the difference in accounting frameworks applied by the Company and LGFIB, the Gabonese company it acquired. Specifically, the difference relates to the measurement of Biological Assets. The Company applies IFRS which stipulates that acquired assets and liabilities be recognised, at the date of acquisition, at its fair value. LGFIB, who applies Gabonese accounting standards, does not carry Biological Assets on its Balance Sheet, but instead expensed the cost of acquiring the rights over time and no fair value assessment is made for accounting purposes. The Company applied IAS 41 when determining the Fair Value of the Biological Assets acquired. Further information on the inputs to the valuation is set out in Note 11. In addition to the effect of the different accounting standards applied, the previous owner's financial position, his inability to acquire finance to operate the asset and the threat of potentially losing it due to non-operation together with the quick exit and certainty of being paid offered by WoodBois contributed to the gain realised.

6. FINANCE COSTS

	2021 $000	2020 $000
Bank interest	503	431
Internal Trade Finance Fund interest	-	903
Convertible bond interest	88	1,486
	591	2,820

7. TAXATION

	2021 $000	2020 $000
CURRENT TAX:		
Corporation tax on profit for the year	(81)	(59)
DEFERRED TAX:		
Origination and reversal of temporary differences	(510)	(2,133)
Tax on profit/(loss) on ordinary activities	(591)	(2,192)

Group	2021 $000	2020 $000
Profit/(loss) on ordinary activities before tax	90,701	(4,345)
Profit/(loss) on ordinary activities multiplied by the average rate of corporation tax of 19% (2020: 19%)	17,233	(826)
Effects of:		
Losses carried forward/(utilised)	(123)	1,196
Non-taxable gain on bargain purchase	(16,775)	-
Non-taxable foreign exchange gain	(111)	-
Non-taxable movement in fair value of biological assets	(905)	(3,941)
Non-deductible Loss allowance	-	30
Non-deductible share-based payment expense	44	38
Non-deductible other expenditure	525	1,311
Group tax credit for the year	(112)	(2,192)

The prevailing tax rates of the operations of the Group range between 3% and 32%. Therefore, a rate of 19% has been used as it best represents the weighted average tax rate experienced by the Group. The Group has estimated losses of $28 million (2020: $29 million) available to carry forward against future taxable profits. Tax losses utilized during the year related principally to profits realised by subsidiaries in certain jurisdictions and tax gains realised on liquidation of various subsidiaries. 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	2021 $000	2020 $000
At 1 January	64,788	62,655
Increase in deferred tax liability: fair value adjustment of Biological Assets	39,006	2,133
Increase in deferred tax liability: fair value adjustment on property, plant and equipment	2,681	-
At 31 December	106,475	64,788

Deferred tax reconciliation

Deferred tax assets / (liabilities)	2021 $000	2020 $000
Deferred tax liability on the fair value adjustment of Biological Assets	(101,740)	(62,734)
Deferred tax liability on the fair value adjustment on property, plant and equipment	(4,735)	(2,054)
At 31 December	(106,475)	(64,788)

8. EARNINGS PER SHARE

Summary:

	2021 cents	2020 cents
Basic earnings per share from continuing operations	3.69	(0.51)
Basic earnings per share from discontinued operations	-	(0.01)
Diluted earnings per share	3.65	-

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.

	2021 $000	2020 $000
Profit/(loss) from continuing operations	90,111	(6,391)
Profit/(loss) from discontinued operations	-	(146)
Total profit/(loss) for the year	90,111	(6,537)

The earnings used for diluted earnings per share are the same as the earnings used for basic earnings per share, which equates to profit attributable to the owners of the company of $90.1 million for the Company.

Reconciliation of shares in issue to weighted average and dilutive weighted average number of ordinary shares	2021 '000	2020 '000
Shares in issue at beginning of year	2,382,216	465,452
Treasury shares	(99)	(99)
Shares issued during the year weighted for period in issue (note 18)	62,466	779,563
Weighted average number of ordinary shares in issue for the year	**2,444,583**	**1,244,916**
Conversion of convertible bonds	21,612	21,612
Dilutive weighted average number of ordinary shares in issue for the year	**2,466,195**	**1,266,528**

9. PROPERTY, PLANT AND EQUIPMENT

	Land & buildings	Motor vehicles	Plant & equipment	Fixtures & IT equipment	Total

COST	$000	$000	$000	$000	$000
AT 1 JANUARY 2020	8,281	4,274	10,386	140	23,081
Additions	-	233	1,276	78	1,587
Disposals	(1,046)	(97)	(113)	(1)	(1,257)
Effects of foreign exchange	540	284	652	(26)	1,450
AT 31 DECEMBER 2020	7,775	4,694	12,201	191	24,861
Additions	-	1,779	3,072	218	5,069
Revaluation of land and buildings (note 10)	8,934	-	-	-	8,934
Disposals	-	-	(20)	-	(20)
Effects of foreign exchange	(1,278)	(279)	(679)	22	(2,214)
AT 31 DECEMBER 2021	15,431	6,194	14,574	431	36,630
DEPRECIATION					
AT 1 JANUARY 2020	71	1,123	1,513	51	2,758
Charge for the year	24	596	1,303	19	1,942
Disposals	(87)	(50)	(37)	-	(174)
Effects of foreign exchange	(8)	56	100	(16)	132
AT 31 DECEMBER 2020	-	1,725	2,879	54	4,658
Charge for the year	-	626	1,419	18	2,063
Disposals	-	-	(20)	-	(20)
Effects of foreign exchange	-	(79)	(126)	15	(190)
AT 31 DECEMBER 2021	-	2,272	4,152	87	6,511
NET BOOK VALUE					
AT 31 DECEMBER 2020	7,775	2,969	9,322	137	20,203
AT 31 DECEMBER 2021	15,431	3,922	10,422	344	30,119

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 in the first half of 2017 so 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. The valuation was completed in May 2021. A revaluation net gain of $6.3 million (comprised of a gross gain of $8.9m net of deferred tax of $2.6m) was recognised in Other Comprehensive Income.

The carrying amount for those assets, if the cost model had been applied, would have been $326,000 (2020: $368,000).

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.

11. BIOLOGICAL ASSETS

Standing timber	2021 $000	2020 $000
Carrying value at beginning of year	204,223	194,708
Additions (Note 5)	128,322	-
Fair value movements	4,253	9,515
Carrying value at end of year	336,798	204,223

The methods and assumptions used in determining the fair value of standing timber within the forestry concessions held has been based on IAS 41 Agriculture 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. Following the fair value assessment in 2021, a net fair value gain of $3.7 million (loss of $23.2 million for Mozambique and a gain of $26.9 million for Gabon) was recognised.

The discounted cash flow models cover the concession areas in Mozambique and Gabon to which the group has secured the rights. Management prepares separate models for each country.

Harvesting levels are regulated by the Annual Permitted Cut ("APC") (total m3 per species) set in each management plan and approved at federal and provincial government level and can be reviewed and increased periodically, while continued sustainability is ensured. The level of assumed APC varies between 55,780m3 and 237,983m3 (2020: 62,822m3 and 200,000m3). This is based on the current APC which may be subject to change depending on 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 valuation models assume pre-tax discount rates of 11% (2020: 10%) for Gabon and 13% (2020: 12%) for Mozambique. The discount rates have 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 country and equity risk premiums have been used for Gabon and Mozambique. When considering the discount rate applicable to the Mozambique model, management has specifically ensured that the discount rate adequately incorporates the risk associated with the current unrest being experienced in the northern parts of the country. Management have further determined that the discount rates are in line with the overall industry consensus for timberland assets within Africa. The increase in pre-tax discount rates from the prior year is due to the increase in the risk-free rate and the cost of debt which is used in calculating the WACC.

The Group's main class of biological assets comprise of standing timber held through forestry concessions of between 20 and 50 years. Biological assets are carried at fair value less estimated costs to sell.

The brought forward biological assets are located in Gabon in Mouila and Northern Mozambique in the states of Cabo Delgado, Nyassa, Nampula and Zambezia and are managed from a central point in Mouila and Nampula. The newly acquired concession is located in Mimongo, Gabon.

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 fair value of biological assets	
	2021	2020
	$000	$000
Effect of 1% increase in the discount rate	(33,285)	(16,715)
Effect of 1% decrease in the discount rate	41,919	20,215
Effect of 10% increase in volume of APC	34,547	21,330
Effect of 10% decrease in volume of APC	(34,547)	(21,330)
Effect of 10% increase in sales price	42,409	32,878
Effect of 10% decrease in sales price	(42,409)	(32,878)

12. TRADE AND OTHER RECEIVABLES

	2021 $000	2020 $000
Trade receivables	2,093	1,371
Other receivables	12	9
Deposits	127	147
Current tax receivable	14	11
VAT receivable	589	292
Prepayments	1,781	1,931
	4,616	3,761

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

	2021 $000	2020 $000
Finished goods	2,747	1,858
Stock in transit	2,129	3,035

Work in progress	1,283 6,159	4,893

Write-down for net realisable value amounted to $nil (2020: $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 (merger reserve, 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

2021

Financial assets/(liabilities)	Financial assets at amortised cost	Financial assets at fair value	Financial liabilities at amortised cost	Financial liabilities at fair value	Total
	$000	$000	$000	$000	$000
Trade and other receivables	4,616	-	-	-	4,616
Cash and cash equivalents	887	-	-	-	887
Trade and other payables	-	-	(4,078)	-	(4,078)
Borrowings	-	-	(8,268)	-	(8,268)
Convertible bond liability	-	-	(931)	-	(931)
Contingent acquisition liability	-	-	(250)	-	(250)
	5,503	-	(13,527)	-	(8,024)

2020

Financial assets/(liabilities)	Financial assets at amortised cost	Financial assets at fair value	Financial liabilities at amortised cost	Financial liabilities at fair value	Total
	$000	$000	$000	$000	$000
Trade and other receivables	3,761	-	-	-	3,761
Cash and cash equivalents	2,560	-	-	-	2,560
Trade and other payables	-	-	(3,590)	-	(3,590)
Borrowings	-	-	(8,710)	-	(8,710)
Convertible bond liability	-	-	(842)	-	(842)
Contingent acquisition liability	-	-	(750)	-	(750)
	6,321	-	(13,892)	-	(7,571)

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 $15.4m (2020: $7.8m) measured in accordance with level 3 and Biological Assets of $336.8m (2020: $204.2m) 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 fixed interest rates with no link 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.

	2021	2020
	$000	$000
+ 20 bp increase in interest rates	(19)	(16)
+ 50 bp increase in interest rates	(47)	(40)
+ 100 bp increase in interest rates	(93)	(80)

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

	2021	2020	2021	2020	2021	2020
	Fixed rate	Fixed rate	Floating rate	Floating rate	Total	Total
GROUP	$000	$000	$000	$000	$000	$000
Borrowings	(1,513)	(1,366)	(6,755)	(7,344)	(8,268)	(8,710)
Cash and cash equivalents	-	-	887	2,560	887	2,560
Convertible bond liability	(931)	(842)	-	-	(931)	(842)
Total	(2,444)	(2,208)	(5,868)	(4,784)	(8,312)	(6,992)

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.

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:

	2021 Carrying Value	2021 Maximum Exposure	2020 Carrying Value	2020 Maximum Exposure
	$000	$000	$000	$000
Cash and cash equivalents	887	887	2,560	2,560
Trade and other receivables	4,616	4,616	3,761	3,761
Total	5,503	5,503	6,321	6,321

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 2021 or 1 January 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, COVID-19, 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.
On that basis, the loss allowance as at 31 December 2021 and 31 December 2020 were determined as follows for both trade receivables and contract assets:

	More than 120 days past due	More than 90 days	More than 60 days	More than 30 days	Current	Total

2021		past due	past due	past due		
Expected loss rate	23.70%	0%	0%	0%	0%	6.90%
Gross carrying amount - trade receivables	654	143	454	449	547	2,247
Loss allowance	(155)	-	-	-	-	(155)

2020						
Expected loss rate	30.63%	0%	0%	12%	0%	13.61%
Gross carrying amount - trade receivables	542	89	163	406	387	1,587
Loss allowance	(166)	-	-	(50)	-	(216)

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

	2021	2020
	$000	$000
Opening loss allowance at 1 January	216	60
Increase in loss allowance recognised in profit and loss during the year	-	184
Receivables written off during the year as uncollectible	(61)	(28)
Closing loss allowance at 31 December	155	216

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:

	2021	2020
	$000	$000
Cash and cash equivalents		
GBP	4	1,079
EUR	67	64
DKK	17	67
CFA	72	52
MUR	-	1
MZN	2	7
USD	725	1,290
Total	887	2,560

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

	2021 Income Statement	2020 Income Statement	2021 Equity	2020 Equity
IMPACT OF 10% RATE CHANGE	$000	$000	$000	$000
Cash and cash equivalents	(1)	103	(1)	103

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.

	2021	2020
	$000	$000
Cash at bank	887	2,560

CONTRACTUAL MATURITY ANALYSIS

The Group has assessed the contractual maturity analysis as follows:

2021	0-3 months $000	3-12 months $000	1 - 5 years $000	Total $000
Assets by contractual maturity				
Trade and other receivables	1,246	3,370	-	4,616
Cash and cash equivalents	887	-	-	887
	2,133	3,370	-	5,503

Liabilities by contractual maturity

Trade and other payables	(3,449)	(629)	-	(4,078)
Borrowings	-	(5,369)	(2,898)	(8,267)
Convertible bond liability	-	-	(931)	(931)
Contingent acquisition liability	(250)	-	-	(250)
	(3,699)	(5,998)	(3,829)	(13,526)
Net liabilities by contractual maturity	(1,566)	(2,628)	(3,829)	(8,023)

2020	0-3 months	3-12 months	1 - 5 years	Total
	$000	$000	$000	$000
Assets by contractual maturity				
Trade and other receivables	770	2,991	-	3,761
Cash and cash equivalents	2,560	-	-	2,560
	3,330	2,991	-	6,321
Liabilities by contractual maturity				
Trade and other payables	(3,470)	(120)	-	(3,590)
Borrowings	-	(6,223)	(2,487)	(8,710)
Convertible bond liability	-	-	(842)	(842)
Contingent acquisition liability	(250)	(500)	-	(750)
	(3,720)	(6,843)	(3,329)	(13,892)
Net liabilities by contractual maturity	(390)	(3,852)	(3,329)	(7,571)

15. TRADE AND OTHER PAYABLES

	2021	2020
	$000	$000
Trade payables	1,275	1,333
Accruals	680	671
Contract liabilities (prepayments received)	1,643	1,359
Current tax payable	69	45
Other payables	340	62
Debt due to concession holders	71	120
	4,078	3,590

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

16. BORROWINGS

	2021	2020
	$000	$000
Non-Current liabilities		
Business loans	1,282	1,111
Working capital facility	1,616	1,376
	2,898	2,487
Current liabilities		
Business loans	1,250	1,382
Bank overdraft	128	110
Working capital facility	3,991	4,731
	5,369	6,223
Total borrowings	8,267	8,710

As at 31 December 2021 the trading division had the following outstanding borrowings:

Business loan with a Danish bank that amounted to $1.1 million (2020: $1.2 million). The business loan carries an interest rate of 2%. The purpose of the loan is for financing timber trades.

Working capital facilities with Danish banks that amounted to $5.6 million (2020: $6.1 million). These facilities carry interest at rates 2.5% and 5.8%. One of the facilities, for $3 million, has been included in current liabilities: this is a revolving facility with no maturity date. At the year end and as at the date of this report, there is no indication from the credit provider that the facility will be revoked, but as there is no maturity date, the Company has classified and disclosed it as being a current liability. See note 23 Increase in working capital facility.

As on 31 December 2021 the forestry division had the following outstanding borrowings:

Business loans with a Gabonese bank that amounted to $1.4 million (2020: $1.2 million). These loans carry an interest rate of between 10% and 14%. A bank overdraft with a Gabonese bank amounted to $0.1 million (2020: $0.110 million) and carries an interest rate of 15%. The purpose of the loans is for operational asset financing.

The Group signed a combined security to the value of $2 million, which includes securities over the property, plant and equipment, the total inventories and total trade receivables.

The Group has also signed a security in favour of a Danish bank to the value of $4.3 million.

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

The Group had undrawn facilities available at 31 December 2021 amount to $0.1million (2020: $0.1million).

17. CONVERTIBLE BONDS

	2021	2020
	$000	$000
Convertible bonds: Liability component	931	842
Convertible bonds: Equity component	52	52
Total	983	894
Convertible bond liability	741	741
Interest accrued	190	101
Total	931	842

The terms of the convertible bonds are 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

18. SHARE CAPITAL

	Number	$000
Authorised: Ordinary shares of 1p each	Unlimited	Unlimited
Allotted, issued and fully paid: Ordinary shares of 1p each		
AT 1 JANUARY 2020	465,451,931	6,757
Shares issued	1,916,764,500	24,362
AT 31 DECEMBER 2020	2,382,216,431	31,119
Shares issued	99,900,622	1,409
AT 31 DECEMBER 2021	2,482,117,053	32,528
Voting	1,857,117,053	
Non-Voting	625,000,000	

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

During 2021 a total of 326,365,095 Non-Voting Ordinary Shares have been converted into Voting Ordinary Shares.

On 17 May 2021, the Company completed a fundraise. As a result, 100,000,000 Voting Ordinary shares were admitted for trading on AIM at a price of 6 pence per ordinary share (the "Placing Price"). The Admission Shares were comprised of 99,900,622 new ordinary shares and 99,378 treasury shares. At 31 December 2021, the Group's share capital of 2,482,117,053 ordinary shares, was comprised of 1,857,117,053 Voting Shares and 625,000,000 Non-Voting Shares.

19. SHARE PREMIUM ACCOUNT

	2021	2020
	$000	$000
AT 1 JANUARY	58,609	35,130
Shares issued	6,645	23,479
AT 31 DECEMBER	65,254	58,609

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

	2021	2020
	$000	$000
AT 1 JANUARY	132	-
Movement	(2)	132
AT 31 DECEMBER	130	132

The balance comprises of one provision, to the amount of $0.1 million, which relates to a tax dispute with the Mozambique tax authorities. The provision is classified as a current liability as at 31 December 2021.

21. SHARE BASED PAYMENT

The Group operates a share option plan, under which certain directors and key employees 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 2021 totalled 144.5m share options, which became effective as of 6 August 2020 and exercisable at 2p per share. During 2021 30.5m share options were forfeited. The vesting of the awards is substantially geared towards material improvement in both operating results and share price appreciation. All share options under the previous share options plan were co-terminously forfeited in 2020.

The key terms and conditions related to the grants were as follow:

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.

The awards outstanding to directors in the year are:

		Number of options (2p exercise price)
P Dolan	Executive Chair	50,000,000
C Geddes	CFO	22,500,000
H Ghossein	Deputy Chair	22,500,000
G Thomson	Senior Independent NED	10,000,000

MEASUREMENT OF FAIR VALUE:

For the 'Market Performance Conditions' (Total Shareholder Return), the fair value of the 67.25m share options were valued using a Monte Carlo simulation.

For the 'Non-Market Performance Conditions' (Target EBITDA), the fair value of the of 67.25m share options were valued using a Black Scholes Option Pricing Model.

For the 'Non-Subject to Performance Criteria', the fair value of the 10m Share Options were valued using a Black Scholes Option Pricing Model.

Only Market Conditions have been considered in estimating the fair value of the share options.

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

Fair value at grant date	0.97p - 1,04p
Exercise price	2p
Share price at grant date	2.15p
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 share options in issue:

	Total options	Weighted average strike price
As on 1 January 2020	14,500,000	15.23p
Forfeited during the financial year	(14,500,000)	(15.23p)
Issued during the financial year	144,500,000	2p

As on 31 December 2020	144,500,000	2p
Forfeited during the financial year	(30,500,000)	(2p)
As on 31 December 2021	114,000,000	2p

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

	2021	2020
	$000	$000
AT 1 JANUARY	968	968
Reserve transfer for forfeitures	(766)	(942)
Share based payment expense	233	200
AT 31 DECEMBER	435	226

There were no options exercisable at the reporting date.

22. RELATED PARTY TRANSACTIONS AND RELATED PARTY BALANCES

RELATED PARTY BALANCES

	2021	2020
	$000	$000
Amount due to H. Ghossein, a director	(340)	-
Contingent acquisition liability due to director vendors re purchase of WoodBois International ApS in 2017	(250)	(750)
AT 31 DECEMBER	(590)	(750)

Deferred consideration:
During the 2021 financial year, deferred acquisition payments were made directly to H Ghossein ($0.5 million) and the final payment of $0.25m was made in 2022.

The 40,000,000 warrants issued to Volantis in January 2019, exercisable at 8p before 1 April 2023, remain outstanding.

TRADING TRANSACTIONS

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

	2021 Transactions in year	2021 Balance at 31 December	2020 Transactions in year	2020 Balance at 31 December
	$000	$000	$000	$000
Loans to subsidiary undertakings	11,985	2,940	16,042	14,835
Contingent acquisition expense	-	-	2,171	-

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

The Group's key management personnel comprised the following:

2021	Short-term employment benefits		
	Salaries, fees & national insurance contributions	Benefits	Total
	$000	$000	$000
Directors			
P Dolan	200	-	200
H Ghossein	220	42	262
F Tonetti	69	1	70
C Geddes *	200	-	200
G Thomson	69	-	69
D Rothschild	9	-	9
H Turcan **	-	-	-
Other key management personnel			
A Rafael	29	-	29
	796	43	839

The table above excludes deferred acquisition payments made during the year directly to H Ghossein ($0.5 million). All of the above directors' remunerations exclude national insurance contributed by the employer.

* Paid through a service company
** H Turcan is a representative of Lombard Odier. No fees are paid directly to H Turcan, however an annual fee is payable to Lombard Odier for his services.

2020	Short-term employment benefits		
	Salaries, fees & national insurance contributions	Benefits	Total
	$000	$000	$000
Directors			
P Dolan	200	-	200
C Geddes *	200	-	200
H Ghossein	217	42	259
G Thomson	42	-	42
H Turcan **	6	-	6
J Hansen	201	9	210
Z Abbas *	203	6	209
K Milne	10	-	10
Other key management personnel			
S Bouchebel	96	16	112

C Wellov	40	4	44
A Rahmati	123	2	125
A Rafael	24	-	24
I Hardy *	91	-	91
	1,453	79	1,532

The table above excludes deferred acquisition payments made during the year directly to or to companies owned and controlled by H Ghossein ($0.618 million) and J Hansen ($1.756 million).

* Paid through service companies
** H Turcan is a representative of Lombard Odier. No fees are paid directly to H Turcan, however an annual fee is payable to Lombard Odier for his services.

23. EVENTS OCCURRING AFTER THE REPORTING DATE

· Issue of LTIP's

On 1 March 2022 it was announced that a total of 68.0m share options under the Company's Long Term Incentive Plan ("LTIP's") were issued to executive directors and to other key personnel, being 2.74% of the total issued share capital (voting and non-voting). Of these, 30.0m LTIP's had previously been announced as to be allocated to Federico Tonetti, when he joined the Company as its CEO on 8 November 2021.

Taken together with existing options, there will be a total of 182m shares outstanding under option representing 7.33% of the current issued share capital (voting and non-voting). The Company has undertaken that it will not have more than 10% of the issued share capital under option at any time.

The key terms of the LTIP's were set out in the RNS dated 1 March 2022.

· Increase in working capital facility

During 2022, the Company arranged a $2m general-purpose two-year facility with Rhino Ventures Limited, the Company largest shareholder, and a further conditional facility of $2m if additional short-term working capital finance is required with Lombard Odier, the Company's second largest shareholder.

In March 2022, the trading division increased the cash facilities available to it through its Danish banking partners who increased the working capital facility by $2.3 million and adjusted the interest on that facility down from 2.5% per annum to 2% per annum.

24. ULTIMATE PARENT COMPANY

At 31 December 2021, the directors do not believe that there was an ultimate controlling party.

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

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

[2] Issued Share Capital of 2,482.1m shares comprises of 1,857.1m Voting Shares and 625.0m Non-Voting Shares.

[3] C Geddes services are provided through a service company, Pomona Trust

[4] No fees are paid directly to Henry Turcan, however, fees of $25,000 per annum, are payable to Lombard Odier, for his services. Since April 2020 Lombard Odier has temporarily waived these fees.

[5] During 2021 the Group has changed its operating segments by reallocating and absorbing the head office segment between the three remaining divisions. This resulted in a change to the reportable segments. Accordingly, the Group has restated the previously reported segment information for the year ended 31 December 2020.

END

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