Woodbois Limited

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED

30 JUNE 2021

Woodbois Limited

DIRECTORS

P Dolan	*(Chair and Chief Executive Officer)*
C Geddes	*(Chief Financial Officer)*
H Ghossein	*(Deputy Chair)*
G Thomson	(Senior *Independent Non-Executive Director)*
H Turcan	*(Non-Executive Director)*

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H1 2021 Highlights

Financial Highlights

- Gross profit increased by 94% to US$1.7m (H1 2020: US$0.9m).
- Group gross profit margin doubled to 20% (H1 2020: 10%).
- First period of EBITDAS profit US$0.5m (H1 2020: loss US$0.8m).
- Revenues of US$8.2m (H1 2020:US$8.6m), impacted by COVID-19 related disruption in global freight shipping sector.
- Successful completion of up-sized fundraise of £6 million (approximately $8.3 million) before costs, leaving the Company well placed to deliver on its growth targets.
- Period end working capital of $13.8m (including cash of $6.3m), excluding bank loans of $9.5m.

Operational Highlights

- Total sawn timber production 7,000m3 in H1 2021, a 120% increase over H1 2020.
- Total veneer production 1,830m3 in H1 2021, a 70% increase on H1 2020.
- Acquisition of two additional veneer lines in Gabon from CEMA Bois De L'Atlas ("CEMA"), one of Africa's largest plywood manufacturers, for a consideration of €800,000 being settled via the monthly supply of logs.
- The first line is expected to be delivered in Q3 2021 and installed in Q4 2021, and the second line expected to be delivered and installed in H2 2022.
- Acquired two additional Komatsu bulldozers and three additional Man trucks on finance lease to allow the supply of sustainably harvested raw material to keep pace with the additional processing capacity coming online during 2021 at both the sawmill and veneer factory.
- Installation of Primultini sawmill line recently completed. Sawn timber production output expected to increase by a further 30% in H2 2021.
- On 9 August, announced the acquisition of an additional 71,000 hectares of forest in Gabon for a consideration of US$1.5m, of which $0.9m was settled in cash and the remainder in four quarterly payments commencing in October.
- Following Q1 entry into carbon credit market, Woodbois is reviewing a number of African reforestation projects, which would allow the Company to generate carbon credits for distribution in the Voluntary Carbon Market.
- Publication of Company's first Integrated Sustainability Report for the year ended 31 December 2020.
- The Company ranked joint sixth in the annual Sustainability Policy Transparency Toolkit ("SPOTT") ESG policy transparency assessments for the worldwide timber and pulp industries.

Executive summary

In the first half of 2021 the Company started to see the fruits of the recapitalisation in H2 2020, the revised strategy, the subsequent reorganisation and of key recruits. As the highlights amply show, we doubled both gross profit and margins, recorded our first positive EBITDAS, delivered a material increase in production volumes and continued to reduce operating and administration costs on a year-on-year basis during H1 2021. Revenues showed a marginal decrease due to on-going disruption to freight shipments from COVID-19, port congestion in Asia and a world-wide shortage in availability of shipping containers, as well as curfew restrictions in Gabon.

EBITDAS	Six months to June 2021 $'000	Six months to June 2020 $'000
Loss before tax	(980)	(4,269)
Contingent acquisition expense	-	331
Depreciation	1,002	964
Share based payment expense	167	73
Finance cost	270	2,126
EBITDAS	**459**	**(775)**

During this period the Company executed on the next stage of its expansion plans through the acquisition of two additional veneer lines in Gabon and successfully completed an upsized fundraising. The new veneer lines are expected to generate material levels of high margin production growth when they come online, making them a highly value-accretive purchase for our investors. The fundraising, which I am grateful to our new and existing investors for their support with, means that we are now well funded to execute on the exciting identified opportunities in front of us. One such opportunity was to complete the purchase of La Gabonaise des Forêts et de l'Industrie du Bois, through which the Company acquired an additional 71,000 hectares of forest in Gabon for a consideration of US$1.5m. Announced on 9 August, the purchase comes with no liabilities and is paid for by $0.9m in cash and the remainder in four quarterly payments commencing in October. Of this forest, 56,000 hectares has an existing approved management plan in place for harvesting. The additional 15,000 hectares can only be approved as part of a parcel of 50,000 hectares or more and the Company will seek to acquire further forest in due course to achieve this size and to support future expansion plans. The Company will include all of the newly acquired hectarage within its current Legal Source and FSC Certification application processes.

The emergence of carbon as a major new asset class, driven by the likely prospect of a global transition to a net zero carbon economy over the next two decades provided the catalyst to launch our carbon sequestration and trading division. Traded carbon prices have increased by more than 60% during 2021, ahead of expected EU reforms designed to accelerate emission reductions, and we expect that both companies and assets will become increasingly viewed through the lens of climate transition. This was given further impetus this week with the UN's IPCC sobering report on climate change.

Our third annual top ten ranking within the independent third party SPOTT report further demonstrated our commitment to adopting the highest standards of sustainability and transparency throughout the organisation. Woodbois' ESG driven purpose and values are articulated within the Company's Integrated Sustainability Report for 2020, which was published last month.

Few companies contain Woodbois' combination of forestry management experience, biological assets and financial markets expertise. We intend to capitalise on the array of highly motivated talent that we have assembled and the unprecedented opportunity presented, by becoming active participants in the carbon sequestration space.

COVID-19 impact

While progress has been clear, Woodbois has not been immune to the macro backdrop, specifically the COVID-19 pandemic. The resulting curfews in Gabon remain in place, limiting our ability to optimise shift patterns. Once curfews are lifted, we will have the opportunity to run additional shifts and further increase production.

The effect of COVID-19 continues to be felt within the freight-shipping sector, limiting our revenue growth during H1 2021. Like the virus itself, this supply-chain disruption is unpredictable and difficult to forecast, and at times continues to inhibit or delay shipping of our own production to customers, as well as that of third-party suppliers to our trading business. We will continue to remain agile and adaptable to the prevailing circumstances.

H1 Financial performance

The Group delivered a 94% increase in gross profit compared to the same period for 2020. Revenues of $8.2m were held back by the shipping difficulties and COVID-19 related issues: realised prices have been improving towards the end of the period and remain strong. H1 gross margin within our own production division increased to 32% from 20%, driven by economies of scale from significantly increased levels of production, and higher selling prices achieved reflecting strong global demand for timber construction materials

Margins within the trading business doubled to 12% in H1 2021 from 6% in H1 as our continuously enhanced proprietary technology helped to optimise capital allocation within the division, as well as enjoying a tailwind of strengthening global demand.

Operating and Administration expenses were reduced by US$0.9m (30%) when compared to the same period in 2020 reflecting a proactive and flexible management approach to operations in navigating the uncertainty created by the COVID-19 pandemic, as well as a disciplined approach to maintaining the cost control measures implemented during 2020/1.

Finance costs fell by US$1.9m (87%) when compared to the same period in 2020, the dramatic improvement being due to the balance sheet restructuring of August 2020.

Additionally, in line with Company policy to revalue its Owner Occupied Land and Buildings every four to six years, the Company booked a net $6.3 million revaluation gain through Other Comprehensive Income following an independent revaluation in May 2021. This valuation partly reflects the significant investment in expansion and other improvements made over the last four years.

Turning the corner to become EBITDAS positive for the first time is highly encouraging and our primary goal is now to get the Group to a point where it is consistently operationally cash flow positive. The business is demonstrating its ability to transition to achieve this through increasing levels of high-quality output at better margins underpinned by strict cost-efficiencies. The fact that we are clearly exerting a strong influence over the items that we can control signals that the business is starting to mature and provides confidence that the Company is firmly on track to drive revenues to a level substantially in excess of our fixed and variable operating cost.

The funds generated by the May fundraise enabled the Company to keep pace with the uptick in demand and business activity towards the latter part of H1 over H2 2020, resulting in additional investment in working capital, especially Trade receivables and Prepayments. In addition to funding the increased business activity, the cash raised was also used to commence the preparation of the site where the first of the two new CEMA veneer lines will be housed. Total period end working capital is $13.8m (Dec 2020: $7.6m), including cash of $6.3m (Dec 2020: $2.6m), excluding bank loans of $9.5m (2020: $8.7m).

Production Division changes gear

Output of sawn timber and veneer production increased by 120% and 70% respectively on a year over year basis. These dramatic increases were achieved as a result of the implementation of new machinery at our sawmill and a focus on 'continuous improvement' at both facilities. COVID-related supply chain disruption delayed the implementation of the new Primultini sawmill line, but with this machine now operational we expect output to increase by up to a further 30% in H2 2021. A further doubling of veneer output can be expected once the first of two veneer lines, purchased for €800,000 payable in monthly log deliveries and which was announced on 29 April 2021, becomes operational. The first line is scheduled to arrive in Mouila in September and the civil works required to install this heavy machinery are already underway, with a completion target date set for December 2021. The second, and larger of the two recently purchased veneer lines will require the construction of a new factory to be located beside the existing factory, the implementation of which is expected to be completed by December 2022.

To keep pace with the increased levels of output capacity at our production facilities, further investment in harvesting and transport equipment was made during H1, including 2 brand new Komatsu bulldozers and 3 brand new MAN trucks, as well as three second hand 15-ton Caterpillar loaders.

In parallel with the significant investments in new machinery detailed above, the Company has continued to invest in its people with the objective of creating a culture of excellence throughout the organisation. In this regard, our head of Performance Management, Olivier Normand, has played a key role during his first six months in Gabon. The impact of the many new processes implemented during this time are clearly seen in the positive step-change of output and margins achieved. I was fortunate enough to witness the effect that implementation of these first-world manufacturing practices has made on my recent visit to Gabon and could not fail to be impressed by how receptive our local staff have been towards learning new skills, adopting new standards of organisation and welcoming increased levels of responsibility.

There was a strong improvement in own-product with Gross Profit margins increased to 32% in H1 2021 up from 20% in H1 2020. This reflects the improved quality of product delivered by our upgraded manufacturing facilities as well as the strong global demand for sawn timber and timber-based construction materials and the corresponding increase in prices. Our gross margins on third-party trading also doubled to 10%. While this increase in margins is encouraging, the opportunity to drive a material increase in top line revenues continues to be impeded by COVID-19 effects and constraints in the freight shipping sector where a combination of equipment and container shortages, a drop off in port productivity and a reduction in carrier capacity is impacting the speed at which the Company can transport and deliver goods. While shipping companies are posting record profits, exporters throughout the world are struggling to fulfil orders and some are suffering significant margin erosion due to increased shipping costs. During H1 we sacrificed some revenue growth in order to improve margins and while shipping rates remain at elevated levels we will need to continue tread this fine line.

We feel confident in our ability to deliver further increases in output, eke out further margin gains and grow the top line very significantly over time, but the outlook for the second half activity remains subject to COVID-19 effects and conditions within the freight shipping sector normalising, which are variables not within our control.

Mozambique

Largely due to unforeseen hurdles created by the impact of the COVID-19 pandemic, the collaboration with Future Earth, our contracted managers in Mozambique, has yielded little in the way of results to date. We continue to monitor this situation closely, while reserving the right to switch strategy in Mozambique in line with the terms of the agreement in place should evidence of tangible progress fail to materialise during H2 2021.A positive contribution from Mozambique for 2021 is at this time considered doubtful.

Carbon Division

On 8 March Woodbois announced the establishment of a reforestation and carbon division, responding to increasing calls for credible nature based solutions. In the intervening months we have seen an intensifying opinion that the 2020’s must represent a decade of ambitious climate action. Market commentators have been kept busy by a constant stream of new net-zero commitments, environmentally charged shareholder activism, and threats from money managers to move away from once mainstay investments on the grounds of climate concerns.

We have seen first-hand evidence of the rapid growth in both demand and pricing of high-quality emission reduction certificates, and we are encouraged by progress in the development of biodiversity offsets. The ability to execute a carbon sequestration project at scale whilst continuing to engage in sustainable forest management presents a worthy proposition for all stakeholders. Given the receptive external environment and increasingly buoyant timber and emission reduction certificate pricing, we remain confident in our strategy.

Since the initial announcement, the team have been dedicated to defining Woodbois’ priorities and best route forward in developing a primary project. This exercise has established several key project criteria, most notably, the need for scale, continuous stakeholder participation, and longevity.

Finding and executing a large-scale project naturally takes time. The Company has commissioned several feasibility studies and is optimistic about future prospects. It is now critical that Woodbois set the foundations on which to build a successful first project. In this respect, Woodbois has been actively engaging with governments, industry experts and off-take partners to ensure appropriate project formulation and delivery. We continue to progress diligently and remain positive about future opportunities.

Senior Hires

In order to execute an aggressive expansion agenda successfully, the Company will need to attract additional high level talent in the months ahead, and with this in mind has made key hires in H1 and remains actively looking to recruit for both executive and non-executive roles during H2.

As governments, companies and the general public become increasingly aware of the reality of the devastating consequences of climate change, we believe that Woodbois can become a magnet for such talent, given our ability to play a real and active role in the transition to a net zero carbon economy.
The arrival of Michael Floyd and Joe Fisher to spearhead our entry into the carbon market during H1 2021 are two such cases in point, and we intend to continue to add the necessary strength and depth in all of our divisions as we grow.

Joint Sixth Ranking in SPOTT Transparency Assessment and publication of first Integrated Report

The continued recognition of Woodbois' ESG practices and the transparency of its disclosures is a strong endorsement of the Company's ethos and practices. As the importance of sustainable forestry management increasingly becomes a focal point in the mitigation of deforestation and climate change, Woodbois is dedicated to being at the forefront of transparency and best practice.

For the report, 100 timber and pulp companies, that together control over 44 million hectares of land, were assessed. The rankings can be viewed at: Timber and pulp: ESG policy transparency assessments | SPOTT.org

In June, the Company announced the publication of its 2020 Integrated Sustainability Report. The Integrated Report aims to provide an overview of Woodbois' strategy, performance, opportunities and future outlook in relation to material financial, economic, social and governance issues. The report also addresses value creation considerations for investors and all key stakeholders.

The Report is available on the Company's website at: www.woodbois.com

Certification

In the first half of 2021, a diagnostic mission was carried out by the Programme de promotion de l'exploitation certifiée des forêts (PPECF) to identify key areas of development for Woodbois as well as to establish a clear roadmap for both LegalSource and FSC certification. The Company hosted the PPECF-representatives for a week at our facilities where all aspects of the operating business were reviewed.

The Company is in the process of mandating PPECF-approved consultants to assist the Company's ESG team in implementing policies and procedures that will ensure the Company meets the certification criteria that is set out by both LegalSource and the FSC.

In parallel with the PPECF roadmap, Woodbois' ESG team alongside the operational management team are constantly reviewing and adopting new systems and practices that ensure the Company is making continual progress with regards to both health & safety and traceability.

This will be another important validation of Woodbois' culture and determination to be fully transparent.

Outlook

The lengthy list of highlights above reveals the high level of progress and activity throughout the Group during H1 2021. The additional capital items acquired and efficiencies made during H1 serve to strengthen our springboard to accelerate our growth, further improve margins and move into positive operational cash generation. However, the continuing uncertainties created by COVID-19 and the logistical difficulties in the shipping industry make it difficult to fully see the benefits of our operational progress being reflected in H2 and accordingly we will need to remain agile and adaptable to the prevailing circumstances.

We expect that our consistent emphasis on sustainability, transparency and best practice will play strongly to our advantage as we seek to enter the voluntary carbon market and will differentiate us as customers and investors become increasingly focused on environmental considerations and the transition to a net zero carbon economy.

I thank all of my colleagues and our dedicated staff and advisers for their unstinting work and support, not least since the start of the pandemic last year. I would especially mention our CFO Carnel Geddes and her Africa-based finance team, for their rigorous attention to detail on costs and continuous improvements in management reporting which have enabled delivery of these H1 2021 numbers approximately three weeks ahead of the previous year. I also thank the team in Gabon who have delivered such significant improvements to key performance metrics, with more to come.

Our people and all of our stakeholders have a lot to look forward to in the months and years ahead.

P Dolan
Chair and CEO
10 August 2021

Woodbois Limited

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2021

Continuing operations	Notes	Six months to 30 June 2021 (Unaudited) $'000	Six months to 30 June 2020 (Unaudited) $'000	Year to 31 December 2020 (Audited) $'000
Turnover		8,220	8,574	15,260
Cost of sales		(6,553)	(7,717)	(14,038)
Gross profit		1,667	857	1,222
Other income		-	85	-
Gain on fair value of Biological assets		-	-	9,515
Operating costs		(1,454)	(2,288)	(4,287)
Administrative expenses		(521)	(552)	(1,017)
Depreciation		(179)	(459)	(778)
Share based payment expense		(167)	(73)	(200)
Operating loss		(654)	(2,430)	4,455
Contingent acquisition expense		-	(331)	(2,171)
Loss on financial restructure		-	-	(1,487)
Loss owing to theft		-	-	(3,403)
Foreign exchange gain		(56)	618	1,227
Finance costs	5	(270)	(2,126)	(2,820)
Loss before tax		(980)	(4,269)	(4,199)
Taxation	6	46	(18)	(2,192)
Total loss for the period from continuing operations		**(934)**	**(4,287)**	**(6,391)**
Discontinued operations		-	(62)	(146)
Loss for the period		**(934)**	**(4,349)**	**(6,537)**
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Revaluation of land and buildings, net of tax	7	6,254	-	-
Items that may be reclassified subsequently to profit or loss				
Currency translation differences, net of tax		(690)	(1,168)	(420)
Total comprehensive profit/(loss) for the period		**4,630**	**(5,517)**	**(6,957)**
Basic earnings per share				
(Loss) from continuing operations (cents)		(0.04)	(0.91)	(0.51)
(Loss) from discontinued operations (cents)		-	(0.01)	(0.01)
Loss for the period		(0.04)	(0.92)	(0.52)

Woodbois Limited
Condensed Consolidated Statement of Changes in Equity
For the six months ended 30 June 2021

	Share capital $’000	Share premium $’000	Convertible bonds $’000	Foreign exchange reserve $’000	Share based payment reserve $’000	Revaluation reserve $’000	Retained Earnings $’000	Total equity $’000
Balance at 1 January 2020	**6,757**	**35,130**	**1,495**	**(4,871)**	**968**	**-**	**77,708**	**117,187**
Loss for the period	-	-	-	-	-	-	(4,349)	(4,349)
Other comprehensive income	-	-	-	(1,168)	-	-	-	(1,168)
Total comprehensive loss for the period	**-**	**-**	**-**	**(1,168)**	**-**	-	**(4,349)**	**(5,517)**
Transactions with owners:								
Issue of ordinary shares	57	250	-	-	-	-	-	307
Share options forfeited	-	-	-	-	(128)	-	128	-
Share based payment expense	-	-	-	-	73	-	-	73
Balance at 30 June 2020	**6,814**	**35,380**	**1,495**	**(6,039)**	**913**	**-**	**73,487**	**112,050**
Loss for the period	-	-	-	-	-	-	(2,188)	(2,188)
Other comprehensive income	-	-	-	748	-	-	-	748
Total comprehensive loss for the period	**-**	**-**	**-**	**(5,291)**	**-**	**-**	**(2,188)**	**(1,440)**
Transactions with owners:								
Redemption of convertible bonds	-	-	(1,443)	-	-	-	-	(1,443)
Issue of ordinary shares	24,305	23,229	-	-	-	-	-	47,534
Share options forfeited	-	-	-	-	(814)	-	814	-
Share based payment expense	-	-	-	-	127	-	-	127
Balance at 31 December 2020	**31,119**	**58,609**	**52**	**(5,291)**	**226**	**-**	**72,113**	**156,828**
Loss for the period	-	-	-	-	-	-	(933)	(933)
Other comprehensive income	-	-	-	(690)	-	6,254	-	5,564
Total comprehensive profit/(loss) for the period	**-**	**-**	**-**	**(690)**	**-**	**6,254**	**(933)**	**4,631**
Transactions with owners:								
Issue of ordinary shares	1,408	6,643	-	-	-		-	8,051
Share based payment expense	-	-	-	-	167		-	167
Balance at 30 June 2021	**32,527**	**65,252**	**52**	**(5,981)**	**393**	**6,254**	**71,180**	**169,677**

Woodbois Limited
Condensed Consolidated Statement of Financial Position
As at 30 June 2021

	Notes	30 June 2021 (Unaudited) $'000	30 June 2020 (Unaudited) $'000	31 December 2020 (Audited) $'000
ASSETS				
Non-current assets				
Biological assets		204,223	194,708	204,223
Property, plant and equipment	8	29,941	19,558	20,203
Total non-current assets		**234,164**	**214,266**	**224,426**
Current assets				
Trade and other receivables	9	5,179	4,882	3,761
Inventory		5,134	5,295	4,893
Cash and cash equivalents		6,321	802	2,560
Total current assets		**16,634**	**10,979**	**11,214**
TOTAL ASSETS		**250,798**	**225,245**	**235,640**
LIABILITIES				
Current liabilities				
Trade and other payables	10	(2,677)	(4,493)	(3,590)
Borrowings	11	(5,397)	(6,231)	(6,223)
Provisions		(140)	-	(132)
Contingent acquisition liability		(500)	(824)	(750)
Total current liabilities		**(8,714)**	**(11,548)**	**(10,695)**
Non-current liabilities				
Borrowings	11	(4,139)	(13,889)	(2,487)
Deferred tax	6	(67,383)	(62,655)	(64,788)
Convertible bond – host liability	12	(885)	(24,755)	(842)
Contingent acquisition liability		-	(348)	-
Total non-current liabilities		**(72,407)**	**(101,647)**	**(68,117)**
TOTAL LIABILITIES		**(81,121)**	**(113,195)**	**(78,812)**
NET ASSETS		**169,677**	**112,050**	**156,828**
EQUITY				
Share capital	13	32,527	6,814	31,119
Share premium	14	65,252	35,380	58,609
Convertible bonds – equity component	12	52	1,495	52
Foreign exchange reserve		(5,981)	(6,039)	(5,291)
Share based payment reserve		393	913	226
Revaluation reserve	7	6,254	-	-
Retained earnings		71,180	73,487	72,113
TOTAL EQUITY		**169,677**	**112,050**	**156,828**

Approved by the board and authorised for issue on 10 August 2021.

P Dolan
Chair and CEO

Woodbois Limited
Condensed Consolidated Statement of Cash Flows
For the six months ended 30 June 2021

	Six months to 30 June 2021 (Unaudited) $'000	Six months to 30 June 2020 (Unaudited) $'000	Year to 31 December 2020 (Audited) $'000
OPERATING ACTIVITIES			
Loss before taxation - continuing operations	(980)	(4,269)	(4,199)
Loss before taxation - discontinued operations	-	(62)	(146)
Loss before taxation	(980)	(4,331)	(4,345)
Adjustment for:			
Foreign exchange	56	(766)	(1,227)
Depreciation of property, plant and equipment	1,002	964	1,942
Fair value adjustment of biological asset	-	-	(9,515)
Contingent acquisition expense	-	331	2,171
Transaction costs deducted from Equity	(42)	-	(323)
Share based payment expense	167	73	200
Provision	-	-	111
Loss owing to theft	-	-	3,403
Loss on financial restructure	-	-	1,487
Finance costs	270	2,126	2,820
Doubtful debts expense	-	-	184
Accrued expense	460	-	671
(Increase)/decrease in trade and other receivables	(1,285)	1,231	1,166
Decrease in trade and other payables	(1,609)	(815)	(2,705)
(Increase)/decrease in inventory	(242)	1,112	(512)
Cash outflow from continuing operations	**(2,203)**	**(75)**	**(4,472)**
Income taxes paid	(44)	(19)	(68)
Finance cost paid	(206)	(444)	(913)
Net cash flow from operating activities	**(2,453)**	**(538)**	**(5,453)**
INVESTING ACTIVITIES			
Expenditure on property, plant and equipment	(1,451)	(382)	(1,587)
Net cash outflow from investing activities	**(1,451)**	**(382)**	**(1,587)**
FINANCING ACTIVITIES			
(Repayment)/proceeds from receipt of loans and borrowings	(446)	(268)	1,133
Proceeds from the issue of ordinary shares	8,111	-	9,867
Settlement of trade finance	-	-	(3,390)
Proceeds from trade finance facility	-	500	500
Net cash inflow from financing activities	**7,665**	**232**	**8,110**
Increase/(decrease) in cash and cash equivalents	**3,761**	**(688)**	**1,070**
Cash and cash equivalents at start of period	2,560	1,490	1,490
Net cash and cash equivalents at end of period	**6,321**	**802**	**2,560**

1. BASIS OF PREPARATION

The condensed consolidated interim financial statements ('interim financial statements') for the six months ended 30 June 2021 have been prepared in accordance with the requirements of the AIM Rules for Companies. As permitted, the Group has chosen not to adopt IAS 34 "Interim Financial Statements" in preparing this interim financial information. The interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2020, which have been prepared in accordance with international accounting standards in accordance with the requirements of the Companies (Guernsey) Law 2008 applicable to Companies reporting under IFRS. The interim financial statements have been prepared under the historical cost convention except for biological assets and certain financial assets and liabilities, which have been measured at fair value.

The interim financial statements of Woodbois Limited are unaudited financial statements for the six months ended 30 June 2021. These include unaudited comparatives for the six-month ended 30 June 2020 together with audited comparatives for the year to 31 December 2020. The condensed financial statements do not constitute statutory accounts, as defined under section 244 of the Companies (Guernsey) Law 2008. The statutory accounts for the period to 31 December 2020 were approved by the Board of Directors on 28 April 2021 have been reported on by the Group's auditors, which have been delivered to the Guernsey Registrar of Companies. The report of the auditors on those financial statements was unqualified.

The accounting policies applied in preparing these financial statements are in terms of IFRS and are consistent with those applied in the previous annual financial statements for the year ended 31 December 2020.

The interim financial statements for the six months ended 30 June 2021 were approved by the Board of Directors on 10 August 2021.

Going Concern:

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

Under this assumption, an entity is ordinarily viewed as continuing in business for the foreseeable future with neither the intention nor necessity of liquidation, ceasing trading or seeking protection from creditors for at least 12 months from the date of the signing of the financial statements.

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

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

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

2. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

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

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

Except for the additional disclosure in note 7, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual report.

3. SEGMENT REPORTING

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

The Group is currently focused on Forestry, Timber trading and Carbon credits and reforestation. These are the Group's primary reporting segments, operating in Gabon, Mozambique, Denmark, Mauritius, Guernsey and UK.

The Group established the Carbon credits and reforestation division in March 2021 to deliver reforestation projects at scale in Africa, generating carbon credits for corporate actors in the expanding voluntary carbon markets.

For the six-month period ended 30 June 2021 sales made to one customer accounted for 10% of the total turnover (H1 2020: 20%).

The Group's Chair and Chief Executive Officer reviews the internal management reports of each division at least weekly.

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

Information relating to each reportable segment is set out below. Segment profit/(loss) before tax is used to measure performance, because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industry. All amounts are disclosed after taking into account any intra-segment and intra-group eliminations.

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

	Forestry	Trading	Carbon Credits and Reforestation	Total
	$000	$000	$000	$000
INCOME STATEMENT				
Turnover	3,422	4,798	-	8,220
Cost of Sales	(2,311)	(4,242)	-	(6,553)
Gross profit	**1,111**	**556**	**-**	**1,667**
Operating costs	(692)	(510)	(252)	(1,454)
Administrative expenses	(130)	(132)	(259)	(521)
Depreciation	(177)	(2)	-	(179)
Share based payment expense	(42)	(42)	(83)	(167)
Segment operating profit/(loss)	70	(130)	(594)	(654)
Foreign exchange	65	(121)	-	(56)
Finance costs	(101)	(169)	-	(270)
Profit/(loss) before taxation	**34**	**(420)**	**(594)**	**(980)**
Taxation	46	-	-	46
Profit/(loss) for the period	**80**	**(420)**	**(594)**	**(934)**
NET ASSETS				
Assets:	239,141	11,657	-	250,798
Liabilities:	(3,834)	(9,904)	-	(13,738)
Deferred tax liability	(67,383)	-	-	(67,383)
Net assets	**167,924**	**1,753**	**-**	**169,677**

The following table shows the segment analysis of the Group's loss before tax for the six months to and net assets at 30 June 2020:

	Forestry	Trading	Unallocated head office costs and intra-group eliminations	Total
	$000	$000	$000	$000
INCOME STATEMENT				
Turnover	2,311	6,263	-	8,574
Cost of Sales	(1,845)	(5,872)	-	(7,717)
Gross profit	**466**	**391**	**-**	**857**
Other income	75	-	10	85
Operating costs	(1,570)	(718)	-	(2,288
Administrative expenses	-	(2)	(550)	(552)
Depreciation	(447)	(12)	-	(459)
Share based payment expense	(29)	(41)	(3)	(73)
Foreign exchange gain	48	570	-	618
Contingent acquisition expense	(165)	(166)	-	(331)
Segment operating loss	**(1,622)**	**22**	**(543)**	**(2,143)**
Finance costs	(1,072)	(1,054)	-	(2,126)
Loss before taxation	**(2,694)**	**(1,032)**	**(543)**	**(4,269)**
Taxation	(18)	-	-	(18)
Loss for the period	**(2,712)**	**(1,032)**	**(543)**	**(4,287)**
NET ASSETS				
Assets:	215,404	9,740	101	225,245
Liabilities:	(2,471)	(23,265)	(24,804)	(50,540)
Deferred tax liability	(62,655)	-	-	(62,655)
Net assets	**150,278**	**(13,525)**	**(24,703)**	**112,050**

4. EARNINGS PER SHARE

Basic earnings per share is based on a loss for the six months of $0.9 million, divided by the weighted average number of voting and non-voting ordinary shares in issue during the period of 2,406,426,445. During the period 99,900,622 new ordinary shares and 99,378 treasury shares were issued (note 13).

5. FINANCE COST

	6 months 30 June 2021 (Unaudited)	6 months 30 June 2020 (Unaudited)	Year to 31 December 2020 (Audited)
	$'000	$'000	$'000
Interest on bank facilities	227	160	431
Interest on trade finance facility	-	758	903
Interest on convertible bonds	43	1,208	1486
Total	**270**	**2,126**	**2,820**

The reduction in finance cost is due to the 2020 fundraise and restructure which resulted in the capitalisation of almost all the Convertible Bonds into equity as well as the settlement of the Internal Trade Finance Facility. This has transformed the balance sheet and has allowed the Company to materially reduce its finance cost.

6. TAXATION

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. As at 31 December 2020, the Group had estimated losses of $29.0 million (2019: $17.6 million) available for carry forward against future taxable profits.

The Group has recognised a net deferred tax liability of $67.4 million at 30 June 2021 (30 June 2020: $62.7 million, 31 December 2020: $64.8 million) and which mainly arose on the revaluation of biological assets (see note 8) and Owner occupied Land Buildings (see note 7).

7. REVALUATION GAIN

It is the Company's policy to revalue Owner Occupied Land and Buildings every 4 to 6 years.

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. Average construction prices in the area were used to determine the fair value.

8. PROPERTY, PLANT AND EQUIPMENT

The increase in property, plant and equipment is as a result of:

- A revaluation gain of $8.9 million (gross amount) on certain Land and Buildings located in Gabon (see note 7).

- In addition to completing the installation of the Primultini sawmill line, the Company acquired two additional Komatsu bulldozers and 3 additional MAN trucks to allow the supply of sustainably harvested raw material to keep pace with the additional processing capacity coming online in Gabon during 2021 at both the sawmill and veneer factories.

9. TRADE AND OTHER RECEIVABLES

	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)	31 December 2020 (Audited)
	$'000	$'000	$'000
Trade receivables	1,740	1,812	1,371
Other receivables	9	59	9
Deposits	130	117	147
Current tax receivable	13	10	11
VAT receivable	725	432	292
Prepayments	2,562	2,452	1,931
Total	**5,179**	**4,882**	**3,761**

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

10. TRADE AND OTHER PAYABLES

	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)	31 December 2020 (Audited)
	$'000	$'000	$'000
Trade payables	781	1,072	1,333
Contract liabilities (prepayments received)	1,191	1,362	1,359
Accruals	509	1,662	671
Current tax payable	40	44	45
Other payables	59	148	62
Other related party loan	-	42	-
Debt due to concession holders	97	163	120
Total	**2,677**	**4,493**	**3,590**

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

11. BORROWINGS

	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)	31 December 2020 (Audited)
	$'000	$'000	$'000
Non-current liabilities			
Business loans	2,099	904	1,111
Bank overdraft	-	2,047	-
Working capital facility	2,040	-	1,376
Internal trade fund	-	10,938	-
	4,139	13,889	2,487
Current Liabilities			
Business loans	1,246	1,710	1,382
Bank overdraft	174	525	110
Working capital facility	3,977	2,036	4,731
Internal trade fund	-	1,960	-
	5,397	6,231	6,223
Total	**9,536**	**20,120**	**8,710**

The increase in the business loans is due to the acquisition finance relating to the two additional Komatsu bulldozers and 3 additional MAN trucks for the Gabon operations (see note 8).

12. CONVERTIBLE BONDS

	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)	31 December 2020 (Audited)
	$'000	$'000	$'000
Convertible bonds: Liability component	885	24,755	842
Convertible bonds: Equity component	52	1,495	52
Total	**937**	**26,250**	**894**
Convertible bond liability	741	23,070	741
Interest accrued	144	1,685	101
Total	**885**	**24,755**	**842**

13. SHARE CAPITAL

	Number	$'000
Authorised: Ordinary shares of 1 penny each	Unlimited	Unlimited
Allotted, issued and fully paid: Ordinary shares of 1p each		
At 1 January 2020	465,451,931	6,757
Issued in the period	4,384,934	57
At 30 June 2020	469,836,865	6,814
Issued in the period	1,912,379,566	24,305
At 31 December 2020	2,382,216,431	31,119
Issued in the period	99,900,622	1,408
At 30 June 2021	**2,482,117,053**	**32,527**

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 the first half of 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 30 June 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

14. SHARE PREMIUM

	2021 $000	2020 $000
At 31 December 2020	58,609	35,130
Shares issued	6,643	23,479
At 30 June 2021	65,252	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.

15. RELATED PARTY TRANSACTIONS

The first of three final instalments of $250,000 each was paid in cash to Mr Ghossein, Deputy Chair, relating to the contingent acquisition liability/deferred consideration for Woodbois ApS, more fully set out in note 25 in the Annual Report for the year ended 31 December 2020.

During the first half of 2021 Rhino Ventures Limited converted a total of 326,365,095 Non-Voting Ordinary Shares into Voting Ordinary Shares. On 17 May 2021, 23,333,333 new ordinary shares were issued to Rhino Ventures Limited under its subscription to the Fundraise. Rhino held 378,000,000 Voting Shares and 625,000,000 Non-Voting Shares as of 30 June 2021.

16. EVENTS OCCURING AFTER THE REPORTING DATE

On 9 August 2021 it was announced that Woodbois Gabon had completed the purchase of La Gabonaise des Forêts et de l'Industrie du Bois thereby acquiring an additional 71,000 hectares of forest in Gabon for a consideration of approximately US$1.5m.

17. INTERIM FINANCIAL STATEMENTS

A copy of this interim report as well as the full Annual Report for the year ended 31 December 2020 can be found on the Company's website at www.woodbois.com.