

Copy No. \_\_\_\_\_

**P R Ü F U N G S V E R B A N D**  
**der Deutschen Verkehrs-, Dienstleistungs- und**  
**Konsumgenossenschaften e.V.**  
**H a m b u r g**

Report  
on the statutory audit as of  
2023

**The Generation Forest eG,**  
**H a m b u r g**

Report No.: P 37 / 2023

## Contents

	<u>Page</u>
<b>A. Audit engagement .....</b>	<b>1</b>
<b>B. Fundamental findings .....</b>	<b>3</b>
I. Statement on the executive directors' assessment of the cooperative's position .....	3
II. Matters that may adversely affect the development and/or going concern .....	4
<b>C. Subject, Nature and Scope of the Audit.....</b>	<b>5</b>
I. Subject of the Audit .....	5
II. Nature and Scope of the Audit .....	6
<b>D. Findings on the economic circumstances .....</b>	<b>10</b>
I. Analysis of the net assets, financial position and results of operation.....	10
1. <i>Basis of the analysis of the economic circumstances.....</i>	<i>10</i>
2. <i>Net assets .....</i>	<i>11</i>
3. <i>Financial position.....</i>	<i>13</i>
4. <i>Results of operation.....</i>	<i>15</i>
II. Assessment of the economic situation.....	16
<b>E. Findings on the appropriateness of the management and the purpose of funding .....</b>	<b>17</b>
<b>F. Summarized result of the audit.....</b>	<b>18</b>
I. Economic situation .....	18
II. Appropriateness of the management and the purpose of funding .....	20

## **Appendices**

Appendix 1:	Balance sheet as of December 31, 2022
Appendix 2:	Statement of profit and loss for the period from January 1 to December 31, 2022
Appendix 3:	Notes
Appendix 4:	Legal and economic environment
Appendix 5:	Important Notes
Appendix 6:	General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (German Public Auditors and Public Audit Firms) as of August 1, 2017

**Abbreviation**

DATEV eG	Datenverarbeitung und Dienstleistung für den steuerberatenden Beruf eG, Nürnberg
DRS	German accounting standards
eG	Registered cooperative
Forest eG	The Generation Forest eG, Hamburg
GenG	Gesetz betreffend die Erwerbs- und Wirtschaftsgenossenschaften [Act concerning the Acquisition and Economic Cooperatives]
GmbH	German Limited Liability Company
HGB	Handelsgesetzbuch [German Commercial Code]
IDW	Institute of Public Auditors in Germany, Düsseldorf
IDW PS	German accounting standards
PAB	Panamanian Balboa (currency)
kEUR	EUR '000
USD	U.S. Dollar
VWT S.A.	V W T, SOCIEDAD ANONIMA, City of San Felix/Panama
Waldmenschen S.A.	Waldmenschen S.A., Panama City/Panama

**A. Audit engagement**

This report is addressed to our member cooperative, the

**The Generation Forest eG,  
Hamburg,**

where we conducted the statutory audit 2023 in the period from June 5 to June 9, 2023 in accordance with §§ 53 et seq. GenG. An audit of the annual financial statements as of December 31, 2022 did not take place because the size limits of c 53 (2) GenG were not exceeded. We notified the Chairman of the supervisory board of the start of the audit in accordance with § 57 (2) GenG.

The last ordinary audit took place in the period from August 1 to August 5, 2022. In accordance with the statutory provisions (§§ 58 et seq. GenG), the report on this audit was discussed by the management board and the supervisory board in a common meeting.

The provisions of § 62 GenG are applicable to the execution of the engagement and our responsibility, also in relation to third parties. In all other respects, our Engagement Terms and Conditions of Contract in the version dated August 1, 2017, attached as Appendix 6, apply.

We have prepared this report on the results of our audit in accordance with the provisions of § 58 GenG.

The annual financial statements as of December 31, 2022 are attached to the report as appendixes 1 to 3.

In accordance with § 59 GenG, the written audit report has to be announced at the next general meeting as an important point for discussion and possible adoption of a resolution.

In accordance with § 321 (4a) HGB, we confirm that we have complied with the applicable regulations on independence in our audit.

## **B. Fundamental findings**

### **I. Statement on the executive directors' assessment of the cooperative's position**

As a small cooperative within the meaning of § 267 (1) HGB, Forest eG is exempt from preparing a management report (§ 336 (2) in conjunction with § 264 (1) sentence 4 HGB). As a result, we are only able to comment on the management board's assessment of the situation to a limited extent.

From the financial statements of the management and the other audited documents, we would like to highlight the following aspects that are of particular importance for the assessment of the economic situation of the cooperative:

The cooperative, founded on November 27, 2015, started its business operations in February 2016. The cooperative is the single shareholder of Waldmenschen S.A.

The concept of Forest eG is that ecologically oriented people become members of the cooperative and provide it with liquid funds. These liquid funds are invested in land acquisitions and reforestation projects in Panama via the investment company Waldmenschen S.A. According to current plans, sustainable income from forestry can be expected in 16 years at the earliest. Until then, the running costs are expected to be financed from members' credit balances.

The admission fees charged since January 1, 2019 represent a contribution to cost recovery.

With regard to the risks of future development, the management board does not currently see any facts that could endanger the existence of the company and has accordingly assumed that the company is a going concern.

During our audit, we have not come to any findings that would indicate a different assessment of the economic situation of the cooperative or that might be significant for other reasons. In particular, there are no indications that the continued operation of the cooperative as a going concern is at risk.

We would like to note that we cannot conclusively assess the recoverability of the investment in and the loan receivable from Waldmenschen S.A. based on our review.

## **II. Matters that may adversely affect the development and/or going concern**

From its foundation in 2015 until the acquisition of the shares in Waldmenschen S.A. (July 2017), the cooperative has built up its own structures. Afterwards, the cooperative started to use the liquid funds collected from the members to cover its own costs and to finance the acquisition of land and reforestation projects in Panama via Waldmenschen S.A. As expected, sustainable earnings will not be generated before 16 years. Until then, the cooperative is dependent on the payment of new equity capital to cover its own costs. This may endanger the development of the cooperative. In the reporting year 2022, a further investment Arboreal B.V., Amsterdam, in the amount of EUR 548,146.54/USD 600,000.00 was acquired.

We were unable to conclusively assess the recoverability of this investment during our review.



## **C. Subject, Nature and Scope of the Audit**

### **I. Subject of the Audit**

In accordance with § 53 (1) GenG, the subject of our audit was the cooperative's facilities, asset situation and management. The purpose of this is to determine the economic circumstances and the proper conduct of business.

An audit of the annual financial statements as of December 31, 2022 was not performed because the cooperative did not exceed the size limits of § 53 (2) GenG.

The audit of the appropriateness of the management covers the management organization, the management instruments and the definition and implementation of the principles of the management policy (decisions and activities of the management).

The assessment of the economic situation is based on an analysis of the net assets, financial position and results of operations as well as the risk situation of the cooperative.

Our audit does not cover whether the continued existence of Forest eG can be ensured.

In our audit, we have observed the principles laid down by the DGRV Deutscher Genossenschafts- und Raiffeisenverband e. V. (German Cooperative and Raiffeisen Confederation) for the audit of small cooperatives in accordance with § 53 (1) of the German Cooperatives Act (GenG) (version of August 28, 2006), which are based on the auditing standard IDW PS 900 "Principles for the Audit Review of Financial Statements" when performing the critical appraisal of the annual financial statements.

## **II. Nature and Scope of the Audit**

The management board is responsible for the accounting system, the internal controls established for this purpose and the information provided to the auditor. The auditor's responsibility is to assess the appropriateness of the company's management, its financial position and the disclosures made in the course of an audit conducted in accordance with professional standards.

The basis for the factual planning of our audit was information about

- the business activities and the economic environment
- the control environment
- the accounting system and
- the internal control system

of the cooperative.

As part of our risk-based audit approach, we started by obtaining an overview of the company's processes and determined our audit procedure on the basis of the findings obtained.

In performing our audit, we also took into account the management board's assessment of the business environment and information on the main objectives, strategies and business risks.

Our audit focused on:

### **a) Economic conditions**

- Audit of the reliability of the annual financial statement
- Analysis of the assets, liabilities, financial position and results of operation as of December 31, 2022
- Analysis of subsequent events of the assets, liabilities, financial position and results of operation

b) Appropriateness of the company's management and facilities of the cooperative

- Actuality of the Statute
- Monitoring activity of the supervisory board
- Quality/reliability of the business plan

The audit of the economic conditions can only be carried out on the basis of reliable data from the underlying annual financial statements and a current business analysis.

These documents are therefore to be included in the audit pursuant to § 53 (1) GenG and critically evaluated on the basis of a plausibility assessment. The plausibility assessments are generally carried out with the aid of information on business operations (e.g. site visits), interviews and analytical audit procedures.

The audit has to be planned and performed in a way that enables the auditor, after critical appraisal, to exclude with a certain degree of certainty that the annual financial statements and the underlying accounting records are not reliable and have not been prepared, in all material respects, in accordance with generally accepted accounting principles. Reasonable assurance exists when the auditor is satisfied, based on evidence obtained, that the subject matter of the critical appraisal is plausible in the circumstances.

The planning and performance of the audit are at the auditor's discretion. The principles of materiality and risk orientation apply.

Analytical reviews consist of plausibility assessments of ratios and trends, showing relationships between data from the subject of the audit and other data as well as identifying noticeable deviations. This includes, for example, comparison with the prior year, variance analysis, horizontal comparison of operations, analysis of breakdowns and ratios, analysis of cash inflows, and the like.

In the event of doubts about the reliability of individual items in the annual financial statements, further audit procedures may be required in certain areas.

The analysis of the assets, liabilities, financial position and results of operation as of December 31, 2022 was carried out on the basis of the annual financial statements as of December 31, 2022.

Analysis of subsequent events of the assets, liabilities, financial position and results of operation, we have used a list of totals and balances as of March 31, 2023 and a business analysis for the period January to March 2023.

In reviewing the up-to-dateness of the statute, we determined that the current statute meets all legal requirements.

We examined the monitoring activities of the supervisory board on the basis of interviews and the review of minutes.

We examined the quality and reliability of the business plans on the basis of the forecasts submitted to us.

The information and evidence we requested was readily provided by the management board and the persons appointed by it. Records and supporting documents were made available to the extent required.

In the letter of representation, the board of management confirmed that the financial statements give a true and fair view of the assets, liabilities, contingencies and deferrals included in the financial statements and of the results of operations and cash flows for the year then ended, and all required disclosures have been made. During our audit, we did not reveal anything to the contrary.

It was also confirmed that we had been made aware of all contingent liabilities.

No events of particular significance occurred after the balance sheet date and did not come to our attention during our audit.

**D. Findings on the economic circumstances****I. Analysis of the net assets, financial position and results of operation****1. Basis of the analysis of the economic circumstances**

We performed the analysis of economic conditions on the basis of the annual financial statements as of December 31, 2022.

An audit of these annual financial statements has not taken place.

We have therefore not issued an audit opinion on these financial statements.

We have satisfied ourselves of the reliability of the annual financial statements and the underlying accounting on the basis of a critical appraisal. The critical review does not provide the assurance achievable in a financial statement audit.

We have not identified any material findings that would indicate that the financial statements and the accounting records are not reliable. We would like to point out that we cannot conclusively assess the recoverability of the investments and the receivables from Waldmenschen S.A. within the scope of our critical review.

Furthermore, we have also subjected the list of totals and balances as of March 31, 2023 as well as the economic evaluation for the period from January to March 2023 to a critical appraisal.

## 2. Net assets

The asset and capital structure at the reporting dates, summarized by main groups, is shown in the following table, whereby the credit balances due in arrears have been offset against the shareholders' equity (kEUR 2,997; prior year kEUR 4,048).

Receivables to affiliated company (kEUR 13,485; prior year kEUR 5,950) were allocated to long-term fixed assets.

	Dec 31, 2022		Dec 31, 2021		Changes
	kEUR	%	kTEUR	%	TEUR
<b>Assets</b>					
A. <u>Long-term fixed assets</u>					
1. Property, plant and equipment	6	0	7	0	-1
2. Long-term financial assets	1,427	8	879	7	548
3. Receivables to affiliated companies	13,485	77	5,950	48	7,535
	14,918	85	6,836	55	8,082
B. <u>Short-term current assets</u>					
1. Receivables to current assets and prepaid expenses	275	2	129	1	146
2. Cash	2,392	13	5,521	44	-3,129
	2,667	15	5,650	45	-2,983
	17,585	100	12,486	100	5,099

	Dec 31, 2022		Dec 31, 2021		Changes
	kEUR	%	kTEUR	%	TEUR
<b>Liabilities</b>					
A. <u>Long-term Equity</u>	17,404	99	12,447	100	4,957
B. <u>Short-term liabilities</u>					
1. Provisions	56	0	28	0	28
2. Trade payables and deferred income	125	1	11	0	114
	181	1	39	0	142
	17,585	100	12,486	100	5,099

On the **assets** side, the development is characterized by the acquisition of further investments and the increase in receivables from affiliated companies (+kEUR 7,535). Cash and cash equivalents (kEUR 3,129) developed in the opposite direction.

The financial assets relate to the investment in Waldmenschen S.A. Waldmenschen S.A. and VWTG S.A. merged to form Waldmenschen S.A. in 2020.

In the reporting year 2022, a further investment of EUR 548,146.54/ USD 600,000.00 was acquired in Arboreal B.V., Amsterdam. The shareholding amounts to 3.5%. In December 2022, this was renamed Generation Forest Invest B.V.

The development on the **liabilities** side shows an increase of kEUR 4,957 in the long-term capital available. Equity increased overall as a result of the net loss for the year (-kEUR 3,565), the increase in the paid-in capital of the remaining members (+kEUR 6,458) and the addition to the reserve (+kEUR 1,014).

The capital reserve includes the joining fees paid by new members.

Current provisions increased mainly due to the adjustment of the vacation provision (+kEUR 27).

The total long-term capital available of kEUR 17,404 exceeds the long-term assets of kEUR 14,918 by kEUR 2,486 (prior year: kEUR 5,611). Accordingly, cash and cash equivalents (kEUR 2,392) and receivables (kEUR 275) are sufficient to settle the liabilities available in the short term (kEUR 181).

The equity ratio is 99% (prior year: 100%). The credit balance has been used up to 26% (prior year 17%) by accumulated losses.



### 3. Financial position

The cash flow statement for the cooperative is presented below in accordance with DRS 21. Cash funds include cash and cash equivalents.

	2 0 2 2 kEUR	2 0 2 1 kEUR
Loss for the period (-)	-3,565	-1,727
+ Depreciation of fixed assets	15	5
+/- Increase/decrease in provisions	28	14
-/+ Increase/decrease in other assets not related to investing or financing activities	7,681	-4,669
+/- Increase/decrease other liabilities not related to investing or financing activities	114	-18
= <b>Cash flow from operating activities</b>	-11,089	-6,395
Payments to acquire property, plant and equipment	-13	-11
- Financial assets	-548	0
= <b>Cash flow from investing activities</b>	-561	-11
+ Payments into the capital reserve	1,014	1,195
+ Payments on credit balance	7,507	9,547
= <b>Cash flow from financing activities</b>	8,521	10,742
<b>Net change in cash funds</b>	-3,129	4,336
+ Cash funds at the beginning of the periode	5,521	1,185
= <b>Cash funds at the end of the periode</b>	2,392	5,521

The business model of the cooperative is to finance investments and current expenses as far as possible from payments on credit balances or from members.

Cash and cash equivalents were reduced by cash outflows from operating and financing activities.

The cooperative's solvency was ensured by the available liquid funds and the cash inflows from financing activities.

Short-term committed assets were sufficient to pay Forest eG's debts.

According to our findings and the information provided by the cooperative, there were no contingent liabilities (§ 251 HGB) as of the balance sheet date.

#### 4. Results of operation

Deviating from the profit and loss statement, we have based our discussion of the results of operations on the following presentation:

	2 0 2 2	2 0 2 1	Change in earnings
	kEUR	kEUR	kEUR
Gross profit	0	4	-4
Personal expenses	-691	-508	-183
Depreciation	-15	-5	-10
Other operating expenses	-2,859	-1,218	-1,641
<b>Loss for the period (-)</b>	<b>-3,565</b>	<b>-1,727</b>	<b>-1,838</b>

The cooperative started its operating activities (financing of reforestation projects) in fiscal year 2017.

After a net loss in the prior year (-KEUR 1,727), fiscal year 2022 was again closed with a net loss (-KEUR 3,565).

The main factors influencing this were the increase in personnel expenses (-kEUR 183) and other operating expenses (-kEUR 1,641), characterized by high capital expenditure on advertising and marketing campaigns (kEUR 2,223; prior year kEUR 874) in order to drive forward the cooperative's growth.

## II. Assessment of the economic situation

With regard to the **economic situation**, we can state, as a result of our audit that the financial position is in order due to the acquisition of new business. The net assets position is not satisfactory due to the loss-related reduction in credit balances. The results of operations are not satisfactory due to the net loss for the year and the lack of sales.

In addition to our opinion, we would like to point out that the development of Forest eG to date is in line with the budgeted figures. In order to fulfil its purpose, Forest eG makes long-term investments in forest projects in Panama through its subsidiary Waldmenschen S.A., which are financed by the members' credit balances. The credit balances also serve to finance the current expenses of the cooperative (e.g. acquisition of credit balances). The cooperative will probably not be able to expect sustainable returns for at least 16 years. Until then, further losses can be expected, as planned.

## **E. Findings on the appropriateness of the management and the purpose of funding**

In our audit of **the appropriateness of business management and the monitoring thereof**, we examined whether business was conducted by the management board with due care and in accordance with the relevant provisions of the GenG and the Articles of Association.

In doing so, we also examined whether the management was organized appropriately, whether the available management tools were adequate, and whether the management activities were carried out properly.

Based on the findings and conclusions of our audit, which are presented in this report and in appendix 4, we are satisfied that the management of the company was conducted in a proper manner during the reporting period.

In our audit of the management organization, the management instruments and the main activities in the reporting period, we did not find any objections beyond the matters mentioned above.

We also examined the conduct of business by the supervisory board. The supervisory board fulfilled its monitoring and advisory duties to an appropriate extent. No objections were raised during these audits.

The cooperative has fulfilled its funding purpose by financing land acquisitions and reforestation projects in Panama.

## F. Summarized result of the audit

### I. Economic situation

We performed our analysis of the economic circumstances on the basis of the annual financial statements as of December 31, 2022 and the accounting records for this fiscal year.

We have subjected these documents to a critical appraisal. We did not perform an audit of the annual financial statements as of December 31, 2022 and the accounting records. We have therefore not issued an audit opinion.

We have not made any findings that speak against the reliability of the annual financial statements and the accounting records.

Furthermore, we would like to point out that, in the course of our review, we were not able to conclusively assess the recoverability of the investments and the receivables from Waldmenschen S.A.

According to the financial statements as of December 31, 2022, the net assets, financial position and results of financial position and results of operations of the cooperative are as follows:

The **net assets** is characterized by an equity ratio of 99 % (prior year: 100 %). The non-current assets are financed on a long-term basis.

Accumulated losses account for 26% (prior year: 17%) of the credit balance.

The cooperative's net assets situation is not satisfactory due to the reduced credit balances resulting from losses.

With regard to the **financial position**, cash and cash equivalents decreased by -kEUR 3,129. The main cash outflow resulted from operating activities. Solvency was ensured at all times.

The financial position of the cooperative can therefore be considered to be in order.

The **results of operation** of Forest eG is characterized by the fact that the business activity in the reporting period consisted of financing reforestation projects in Panama. So far, no sales have been generated from this. In order to achieve a leap in the cooperative's growth, high investments were made in the area of advertising and marketing costs (kEUR 2,223; prior year kEUR 874) and in the digitization process (kEUR 170; prior year kEUR 0), with the result that fiscal year 2022 ended with a net loss (-kEUR 3,565; prior year -kEUR 1,727).

As a result of the lack of sales and the net loss for the year, the cooperative's earnings situation is not in order.

The **management board's proposal** for the appropriation of profits for fiscal year 2022 complies with the provisions of the GenG and the Articles of Association.

The business analysis for the period January to March 2023 shows a preliminary loss (-kEUR 306).

With regard to the **economic situation**, we can state, as a result of our audit that the financial situation is in order due to the acquisition of new business assets. The net assets position is not satisfactory due to the loss-related reduction in credit balances. The result of operation is not satisfactory due to the net loss for the year and the lack of sales.

In addition to our opinion, we would like to point out that the development of Forest eG so far corresponds to the planning calculations. In order to fulfil its purpose, Forest eG makes long-term investments in forest projects in Panama through its subsidiary Waldmenschen S.A., which are financed by the members' credit balances.

The credit balances are also used to finance the current expenses of the cooperative (e.g. acquisition of credit balances). The cooperative will not be able to expect sustainable returns for at least 16 years. Until then, it can be assumed that further losses will be incurred as planned.

## **II. Appropriateness of the management and the purpose of funding**

In accordance with § 53 GenG, the subject of our audit also included the management of the **management board** and the conduct of the **supervisory board**. In doing so, we examined the management organization, the management instruments and the activities of the management.

The management board performed its duties with due care. The supervisory board essentially fulfilled its monitoring and advisory duties.

The cooperative has pursued its purpose of funding in accordance with § 1 (1) GenG.



We have drawn up this report to the best of our knowledge on the basis of our careful examination of the books, papers and other documents submitted to us. Based on the final results of our audit, we have no significant objections to raise with regard to the results of operations. We have not made any findings that would have required immediate notification of the Chairman of the Supervisory board pursuant to § 57 (3) GenG.

Hamburg, June 9, 2023



**Prüfungsverband  
der Deutschen Verkehrs-, Dienstleistungs- und  
Konsumgenossenschaften e.V.**

**Schmidt  
Wirtschaftsprüfer**



## The Generation Forest eG Erwerb von Ges.-Anteilen zur Aufforstung in Panama, Hamburg

Assets	Current year		Prior year		Liabilities	
	EUR	EUR	EUR	EUR	Current year	Prior year
Carry forward		18,178,577.70	11,012,171.90		EUR	EUR
II. Cash on hand, Bundesbank balances, Balances with credit institutions and Checks		2,391,597.90	5,520,663.19	Carry forward	20,456,946.39	16,522,596.11
Total current assets		16,139,276.94	11,598,582.97	- thereof social securities EUR 911.87 (EUR 911.87)	125,346.81	10,982.09
D. Prepaid expenses		12,117.60	743.11	- thereof with a maturity up to one year EUR 28,034.35 (EUR 8,533.26)		
		<u>20,582,293.20</u>	<u>16,533,578.20</u>		<u>125,346.81</u>	<u>10,982.09</u>
					<u>20,582,293.20</u>	<u>16,533,578.20</u>

Statement of profit and loss for the period from January, 1 to December 31, 2022

**The Generation Forest eG Erwerb von Ges.-Anteilen zur Aufforstung in Panama, Hamburg**

	EUR	Current Year EUR	Prior Year EUR
1. Revenue		0.00	500.00
2. Other operating income		17,319.22	3,564.01
- thereof income due to exchange rates EUR 0.69 (EUR 0.00)			
3. Cost of materials			
a) Expenses for raw materials and supplies	3,152.78		-633.09
b) Expenses for purchased services	<u>14,584.82</u>		<u>823.25</u>
		17,737.60	190.16
4. Personnel expenses			
a) Wages and salaries	562,974.01		423,407.35
b) social security contributions and expenses for Pension plan and for support	128,186.74		84,204.75
- thereof pension plan EUR 12,847.99 (EUR 1,407.34)	<u>                    </u>	691,160.75	<u>507,612.10</u>
5. Depreciation			
a) on intangible assets and property, plant and equipment		14,688.63	4,971.43
6. Other operating expenses		2,847,124.33	1,218,420.52
- thereof income due to exchange rates EUR 377.09 (EUR 0.00)			
7. Other interest and other income		496.01	15.95
8. Interest and other expenses		<u>2.40</u>	<u>0.00</u>
<b>9. Earnings before income taxes</b>		<b>-3,552,898.48</b>	<b>-1,727,114.25</b>
10. Other taxes		12,063.24	0.00
<b>11. Loss of the period</b>		<b><u><u>3,564,961.72</u></u></b>	<b><u><u>1,727,114.25</u></u></b>

## The Generation Forest eG, Hamburg

### Notes

#### A. General Information

1. The structure of the balance sheet and the statement of profit and loss complies with the provisions of the German Commercial Code. The statement of profit and loss has been prepared using the total cost method.
2. The cooperative is small within the meaning of § 267 (1) HGB. The preparation of a fixed assets schedule was not required in accordance with § 336 (2) in conjunction with § 288 HGB.
3. The cooperative has its registered office in Hamburg and is entered in the register of cooperatives at the Hamburg Local Court under GbR 1083.

#### B. Specification of the accounting and valuation methods

The following accounting policies have been applied in preparing the balance sheet and the statement of profit and loss:

- The statement of credit balances has been prepared on a gross basis in accordance with § 337 (1) sentence 3 of the German Commercial Code (HGB).
- Low-value assets with acquisition costs up to € 800.00 on an individual basis are written off in the year of purchase in full amount and are shown as acquisition and disposal in the fixed assets schedule in the year under review.
- Financial assets were valued at acquisition cost. There was no reason to recognize an impairment loss.
- Receivables and other assets were valued at nominal value. There was no need for a valuation allowance because the mean spot exchange rate on December 31, 2022 was EUR 1 = USD 1.0666.
- Cash and cash equivalents were recognized at nominal value in all cases.
- Other provisions consider all identifiable risks and contingent liabilities, they were valued taking into account the basic principle of financial prudence with respect to the expected amount of claim.
- Liabilities are valued with their settlement amount.

## C. Specification of the balance sheet and statement of profit and loss

### I. Balance Sheet

1. In 2017, the cooperative had purchased 10 shares of B/. 1,000.00 (=USD 1,000.00) of Waldmenschen S.A., in Panama City, Panama, for a total purchase price of B/. 475,000.00 (=USD 475,000.00) was acquired. EUR 380,000.00 had been paid on this by the reporting date 2018. The remaining amount of EUR 28,901.00 was paid at the beginning of 2019. The cooperative was the single shareholder of Waldmenschen S.A.

In 2019, the cooperative had acquired 10 shares of USD 1,000.00 each in VWT S.A., in San Felix, Panama, for a total purchase price of USD 514,645.00. The purchase price was paid in full in 2019. The cooperative was the sole shareholder of VWT S.A.

On May 6, 2020 the merger of Waldmenschen S.A. (acquiring legal entity) and VWT S.A. (acquired legal entity) was executed and confirmed by public deed no. 4162. The amount of the participation as of 12/31/2022 is EUR 878,824.26.

Financial statements of the merged company as of 12/31/2020 are available. The equity as of 12/31/2020 amounts to USD 21,436.00. The fiscal year 2020 ended with a net income of USD 1,168.00.

2. The cooperative acquired 7,500 shares of USD 80.00 each in Arboreal B.V., in Amsterdam, The Netherlands, in 2022 for a total purchase price of USD 600,000.00. The purchase price was settled in full in March 2022. The cooperative holds a 3.5% interest in Arboreal B.V. In December 2022, the company was renamed Generation Forest Invest BV. The amount of the participation is EUR 548,146.54 as of 12/31/2022.
3. The receivables and other assets have a remaining term of less than one year.

Receivables from affiliated companies have a remaining term of more than one year. They exist entirely in respect of Waldmenschen S.A.

4. All liabilities have a remaining term of less than one year.

### II. Statement of profit and loss

There are no special comments.

## D. Other information

### 1. Member movement

	<u>Members</u>	<u>Shares</u>
Jan 01, 2022	5,068	15,099
Additions (incl. transfers)	1,504	5,454
Disposal (incl. transfers)	22	73
Dec 31, 2022	<u>6,550</u>	<u>20,480</u>

The credit balances of the remaining members increased by EUR 6,457,200.00 in the financial year. In 2022, there were 63 transfers of shares, the amount of which did not affect the share capital.

The amount of the business share is EUR 1,200.00.

The payments due on shares are installment payments granted to members. They developed as follows:

Jan 01, 2022	EUR 4,048,088.86
Additions (payments received)	EUR 4,046,350.00
Disposal (open)	EUR 2,996,196.00
Dec 31, 2022	EUR 2,997,934.86

There are no commitments for total liability.

There are other financial obligations in the form of rental obligations amounting to EUR 80,400.00 per year.

### 2. Headcount

The cooperative employs an average of 16 people.

### 3. Minimum capital

As of the reporting date, the minimum capital pursuant to § 37 (4) of the Articles of Association amounts to EUR 0.00.

### 4. Name and Address of Audit Association

Prüfungsverband der Deutschen Verkehrs-,  
Dienstleistungs- und Konsumgenossenschaften e.V.  
Gotenstraße 17  
20097 Hamburg

5. Management Board

Andreas Eke

Dr. Mathias Hein

Ing. Iliana Armien

6. Supervisory Board

Dr. Hans Joachim Bellmann

Dr. Verena Sandner Le Gall

Axel Kleinfenn

André Marius Le Prince

Chairman

7. Going-Concern

The cooperative was founded to produce forest and agricultural products sustainably and collectively. The implementation of the business idea is a long-term one and can be divided into two phases:

Phase 1: Seeking members in order to finance land purchases and their reforestation and maintenance with the help of their paid-in capital. Recruitment of members and establishment of distribution channels.

Phase 2: Approximately 20 years after planting, trees can be removed and processed or sold.

In phase 1, hardly any income will be generated. The cooperative therefore closes the fiscal year with a loss. Only through sales in phase 2 can these be offset by then sustained positive results and surpluses paid out to members.

8. Others

As of the balance sheet date, there were no receivables from members of the Board of Management or the Supervisory Board.

Hamburg, May 31, 2023

The Generation Forest  
Management Board



A. Eke



I. Armien



M. Hein



## Legal and economic environment

### I. Legal and statutory basis

Foundation year:	2015
Registration took place on:	November 14, 2016
Registered court:	Hamburg
Registration number:	1083
Financial year:	Calendar year

The statutes are valid in the version of November, 27 2015, last amended on September, 25 2020. The registration of the amendment (§ 1 company name) took place on March, 9 2021.

Amendments to the Articles of Association adopted at the General Assembly on August 20, 2021 and August 27, 2022 have not yet been entered in the Register of Cooperatives.

### II. Business operations (§ 2 Statutes)

The purpose/object of the cooperative is:

- 1) The sustainable afforestation of forests, the subsequent agricultural and forestry use in compliance with ecological, economic and ethical principles, and the marketing of products from sustainable production. The object of the company therefore includes:
  - a) The joint purchase and lease of land areas required for the planting of forests.
  - b) The planting and exploration of forests according to the "Generation Forest" principle.

- c) To inform and advise the members and the public on all matters related to the object of the Cooperative.
- d) The cooperative can extend its business operations to the use of other sustainable and environmentally compatible forms of forest land and agricultural use.
- e) Furthermore, it may acquire, manage, broker, sell and supervise forest and agricultural land in all legal and utilization forms; it may undertake all work arising in the field of forestry and agriculture and also use third parties for this purpose.
- f) The further processing and sale of certified and sustainably produced precious wood as well as the objects of the cooperative mentioned in § 2 paragraph 2 lit. d of the Statute shall take place in particular in Germany.

2) The Cooperative may participate in other enterprises.

3) The extension of business operations to non-members is permitted.

**III. Members****1. Membership**

- |  |   |
|--|---|
| a) Shares:                             | EUR 1,200.00  |
| b) Liability amount per share:         | no  |
| c) Deposit obligation:                 | immediately, payment in installments upon request with the approval of the possible       |
| d) Maximum number of shares:           | one   |
| e) Minimum number of mandatory shares: | one   |
| f) Entrance fee:                       | from Jan 1, 2021 EUR 169.00<br>from Jan 1, 2022 EUR 231.00<br>from Jan 1, 2023 EUR 295.00 |
| g) Notice period:                      | 12 month to the end of a financial year   |

**2. *Member movement/balance of business***

	Member	Shares	Shares nominal EUR
as of Jan 1, 2022	5,068	15,099	18,118,800.00
Additions	1,504	5,391	6,469,200.00
Disposal	22	10	12,00.00
as of Jan 1, 2023	6,550	20,480	24,576,000.00

#### IV. Executive Bodies of the cooperative and authorized representatives

##### 1. Management Board

According to § 19 of the Articles of Association, the management board consists of at least two and at most five members, who must also be members of the cooperative and natural persons.

The members of the management board are appointed by the supervisory board for a period of three years. The supervisory board is responsible for concluding, amending and terminating service contracts and for concluding termination agreements. The Annual General Meeting is responsible for extraordinary termination of employment contracts.

The management board comprised the following members as of June 09, 2023:

Name:	in function since:	last (re-) elected on:	Term of office until:
Eke, Andreas	2015	11/26/2018	2024
Armien, Iliana	2015	11/26/2018	2024
Hein, Mathias	2019	06/04/2019	2024

## 2. Supervisory Board

According to § 24 of the Articles of Association, the supervisory board consists of at least three persons who are elected by the general meeting.

The term of office of the supervisory board members is four years; re-election is permitted.

The supervisory board comprised the following members as of June 9, 2023:

Name:	in function since:	last (re-) elected on:	Term of office until:
Axel Kleinefenn	2019	06/17/2019	2023
Dr. Hans Joachim Bellmann	2015	06/17/2019	2023
Dr. Verena Sandner-LeGall	2015	06/17/2019	2023

The supervisory Board was last constituted on February 15, 2023.

Acting Chairman of the supervisory board: Axel Kleinefenn

Mr. Le Prince resigned from the Supervisory Board for professional reasons.

## 3. General Meeting

In accordance with § 48 (1) GenG, the General Meeting must be held six months after the end of the fiscal year.

In accordance with § 28 (3) of the Statute, the invitation period is at least two weeks.

The last ordinary General Meeting was held on August 27, 2022. Items on the agenda and main resolutions:

- Adoption of the annual financial statements as of December 31, 2021
- Discharge of the Executive Board and Supervisory Board
- Determination of an admission fee as of January 01, 2023
- Amendments to the Statute
- Amendments of the credit limits

**V. Shareholding**

As of December 31, 2020, Forest eG holds a 100% interest in Waldmenschen S.A., registered under Panamanian law, with 20,000 shares acquired for a purchase price of EUR 878,824.26. As of December 31, 2021, the company reported total assets of PAB 8,072,021 and net income of PAB 3,154.

In March 2022, another investment in the amount of EUR 548,146.54/ USD 600,000.00 in Arboreal B.V., registered under Dutch law in Amsterdam, was acquired. The company was founded on January 11, 2021. Its main activities are the development and ownership of reforestation projects in Panama and forest management carried out through its wholly owned subsidiaries Arboreal FF S.A. and Arboreal VPV S.A., located in Panama, as well as the planting of seedlings in a certain selection of native species. In December 2022, the company was renamed Generation Forest Invest B.V.

**VI. Lease agreement**

On July, 22 2019, a lease agreement for office space was concluded between Waldmenschen eG and Grundstücksgemeinschaft Große Elbstraße 42 GbR. The rent amounts to EUR 1,837.11 per month.

This contract expired at the end of August 2022.

On April 12, 2022, a new lease for office space was concluded between Forest eG and Fischmarkt Hamburg-Altona GmbH, which commenced on June 1, 2022. The rent or cold rent is EUR 6,700.00 per month.

**VII. Fiscal situation**

The cooperative is registered with the Hamburg-Mitte tax office under tax number 48/767/03047.

**VIII. Others***Credit restrictions according to § 49 GenG*

The credit limits have been set at EUR 100,000.00 by the General Meeting on November 27, 2015.

The credit limit of payments from Forest eG to its subsidiary Waldmenschen S.A. amounts to a maximum of 90% of the subscribed equity (capital of the members in the form of cooperative shares and premium).

The reason for setting this percentage is based on the fact that the loan is only for the indirect reforestation of forests through the wholly owned subsidiary Waldmenschen S.A.

If the funds were used directly for the reforestation of forests in Panama, this would be immediately possible as an operational business activity. Compliance with a credit ceiling, as provided for in the law, is foreseen for other cases.

-----

### Important Notes

1. Three copies of the audit report shall be sent to the management board of the cooperative. Copies No. 1 and 2 must be signed by all members of the management board and the supervisory board. If a managing director is active in the cooperative, he must also sign the report. Appropriate signature forms are attached. **Copy No. 2 is to be returned to the association with the required signatures. Furthermore, the Chairman of the supervisory board shall receive a copy of the audit report. The members of the supervisory board are obliged to take note of the contents of the audit report (§ 58 (3) GenG).**
2. The audit report shall be discussed immediately after receipt in a joint meeting of the management board and the supervisory board in accordance with Section 58 (4) GenG. This discussion shall mainly serve to evaluate the audit result. If the report contains objections, measures are to be resolved to eliminate the identified deficiencies. The resolutions shall be recorded in the minutes. **A copy of the minutes of this meeting of the management board and the supervisory board concerning the discussion of the audit report and the adoption of the resolution shall be submitted to the Association immediately.**
3. According to § 59 (1) GenG, the report on the statutory audit must be announced in the agenda of the next general meeting as an item for resolution, namely under the title

*"Report on the Statutory Audit and Resolution on the Scope of Announcement of the Audit Report".*

The report shall be discussed at an ordinary general meeting of shareholders before the annual financial statements are discussed (= adoption of the annual financial statements and resolution on the appropriation of profits) and before the members of the governing bodies are discharged from liability. In an extraordinary general meeting, it should be placed at the beginning of the agenda. The resolution relates to whether and to what extent the audit report should be disclosed. The general meeting does not have to approve the audit report. It is important that nothing be concealed that the general meeting needs to know in order to form an accurate picture of the cooperative's situation. False representations are subject to the penal provisions of § 147 (2) No. 1 GenG. Furthermore, we refer to § 60 GenG in this context.

4. Section 59 (2) of the Act requires the supervisory board (not the management board) to declare the results of the audit at the Annual general meeting. The resolution on the scope of the announcement of the audit report and the declaration of the supervisory board must be recorded in the minutes.

**A copy of the minutes of the general meeting shall be submitted to the Auditing Association without delay.**

5. Members have the right to inspect the summary results of the audit report. It is advisable to display this together with the annual financial statements and, if applicable, the management report before the Annual general meeting.
6. The Auditing Association keeps the report and the documents given to it in connection with the performance of the audit and documents prepared by it itself for seven years.

- - - - -



# **General Engagement Terms Prüfungsverband der Deutschen Verkehrs- und Dienstleistungs- und Konsumgenossenschaften e.V., Hamburg ("association")**

as of August 1, 2017

## **1 Scope of application**

(1) These engagement terms apply to all audits and consultations of the cooperatives that belong to the association as members, as well as to all other activities of the association in relation these cooperatives, except as otherwise agreed in writing or prescribed by a mandatory rule. They apply accordingly to engagements from member companies in other legal forms (e.g. in the case of Article 25(1) EGHGB) and from associations, who are members of the Association.

(2) Third parties may derive claims from the contract between the association and the cooperative only when this is expressly agreed or results from mandatory rules prescribed by law. In relation to such claims, these engagement terms also apply to these third parties.

## **2 Object, scope and execution of the audits, consultations and other activities**

(1) The object of the audit, consultation or other activity is the agreed service, not a specific economic result. The association does not assume any management functions in connection with his services. The Association is not responsible for the use or implementation of the results of his services.

(2) The object and scope of the statutory audit of cooperatives are defined in § 53 GenG and, in the case of credit cooperatives, in § 340k HGB as well as § 29 KWG and § 36 WpHG. For the audit of the consolidated financial statements, § 14 Para. 2 PubLG applies, in the case of credit cooperatives § 340k HGB. The subject matter and scope of any other audit, consultancy or other activity shall be determined by the agreements made, and in the case of special audits ordered by the Association's Management Board, by the assignment given by the Association to its employees.

(3) The audit, consultation or other activities will be performed in accordance with the German Principles of Proper Professional Conduct (Grundsätze ordnungsmäßiger Berufsausübung). In individual cases, the Association may make use of competent persons; these are obliged in accordance with No. 8 para. 1.

(4) The audit generally does not extend to the performance of individual investigations to detect unauthorised acts and other irregularities, unless cause for this arises during the performance of the audit or this is expressly agreed in writing. The subject of the audit also does not generally include individual investigations with regard to compliance with fiscal and other regulations, e.g. labour, food, competition and foreign trade law, or the determination of whether subsidies, allowances or other benefits can be claimed.

(5) If circumstances or the legal situation change subsequent to the release of the final professional statement, the Association is not obligated to refer the Cooperative to changes or any consequences resulting therefrom.

## **3 The obligation of the engaging party to cooperate**

(1) The management board of the Cooperative shall ensure that all documents and further information necessary for the performance of the audit or other engagements are provided to the Association on a timely basis, and that he is informed of all events and circumstances that may be of significance of the audit or other engagement. This also applies to those documents and further information, events and circumstances that first become known during the work of the association. The cooperative will also designate suitable persons to provide information.

(2) Upon the request of the Association, the management board of the Cooperative shall confirm the completeness of the documents and further information provided as well as the explanations and statements, in a written statement (statement of completeness) drafted by the Association.

## **4 Ensuring independence**

The cooperative shall refrain from anything that endangers the independence of the association's staff. This applies throughout the term of the engagement, and in particular to offers of employment or to assume an executive or non-executive role, and to offers to accept engagements on their own behalf.

## **5 Reporting and oral information**

To the extent that the association is required to present results in writing as part of the work in executing the engagement, only that written work is authoritative. Drafts are non-binding. Except as otherwise agreed, oral statements and explanations by the Association are binding only when they are confirmed in writing. Statements and information of the association outside of the audit report are always non-binding. Verbal declarations and information provided of the association outside the engagement are always non-binding.

## **6 Distribution of written statements**

(1) The distribution to a third party of the audit report or parts thereof, expert opinions and other opinions – whether in draft or in the final version – the corporation requires the written consent of the association, unless the cooperative is obliged to distribute or inform due to law or a regulatory requirement.

(2) The use of results or statements for promotion purposes is prohibited.

## **7 Deficiency rectification**

(1) In case there are any deficiencies, the cooperative is entitled to specific subsequent performance by the association. The cooperative may reduce the fees or cancel the contract for failure of such subsequent performance, for subsequent non-performance or unjustified refusal to perform subsequently, or for unconscionability or impossibility of subsequent performance. The cooperative may only cancel the contract due to a deficiency if the service rendered is not relevant to him due to failure of subsequent performance, subsequent non-performance, unconscionability or impossibility of subsequent performance. No. 9 applies to the extent that further claims for damages exist.

(2) The cooperative must assert a claim for the rectification of deficiencies in writing (Textform) [Transistors Note: The German term "Textform" means in written form, but without requiring a signature] without delay. Claims pursuant to paragraph 1 not arising from an intentional act expire after one year subsequent to the commencement of the time limit under the statute of limitations.

(3) Apparent deficiencies, such as clerical errors, arithmetical errors and deficiencies associated with technicalities contained in an association statement (long-form reports, expert opinions etc.) may be corrected – also versus third parties – by the association at any time. Misstatements which may call into question the results contained in a German Public Auditor's professional statement entitle the German Public Auditor to withdraw such statement – also versus third parties. In such cases the association should first hear the cooperative, if practicable.

## **8 Confidentiality towards third parties, and data protection**

(1) The Association and the persons working for it are obliged to maintain confidentiality about facts and circumstances which become confided or known to them in the course of their professional activities, unless the Association is authorised to use or pass on such information (e.g. anonymised statistics).

(2) When processing personal data, the association will observe national and European provisions on data protection.

(3) The association shall collect, process and use data of the cooperative to the extent necessary for the execution of the assignment. The association is only permitted to process and use data beyond this within the framework of its statutory tasks (e.g. for statistical purposes or presentations of the cooperative system), insofar as the data is made anonymous or is to be published by the cooperative anyway; the data concerned may in particular be annual financial statement figures, turnover, employee numbers.

## **9 Liability**

(1) For statutory audits of the association, the respective legal limitations of liability, in particular § 62 (2) GenG § 323 (2) HGB apply.

(2) Insofar neither a statutory limitation of liability is applicable, nor an individual contractual limitation of liability exists, the liability of the association for claims for damages of any other kind, except for damages resulting from injury to life, body or health as well as for damages that constitute a duty of replacement by a producer pursuant to § 1 ProdHaftG [German Product Liability Act: Produkthaftungsgesetz], for an individual case of damages caused by negligence is limited to € 4 million pursuant to § 54 a Abs. 1 Nr. 2 WPO.

(3) The association is entitled to invoke demurs and defences based on the contractual relationship with the cooperative also towards third parties.

(4) When multiple claimants assert a claim for damages arising from an existing contractual relationship due to the Association negligent breach of duty, the maximum amount stipulated in paragraph 2 applies to the respective claims of all claimants collectively.

(5) An individual case of damages within the meaning of paragraph 2 also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty regardless of whether the damages occurred in one year or in a number of successive years. In this case, multiple acts or omissions based on the same source of error or on a source of error of an equivalent nature are deemed to be a single breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the Association is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(6) A claim for damages expires if a suit is not filed within six months subsequent to the written refusal of acceptance of the indemnity and the cooperative has been informed of this consequence. This does not apply to claims for damages resulting from scienter, a culpable injury to life, body or health as well as for damages that constitute a liability for replacement by a producer pursuant to § 1 ProdHaftG. The right to invoke a plea of the statute of limitations remains unaffected.

## **10 Supplementary provisions for audits**

(1) If the engaging party subsequently amends the financial statements or management report audited by a German Public Auditor and accompanied by an auditor's report, he may no longer use this auditor's report. If the Association has not issued an auditor's report, a reference to the audit conducted by the Association in the management report or any other public reference is permitted only with the Association's written consent and with a wording authorized by him.

(2) If the association revokes the auditor's report, the auditor's report, it may no longer be used. If the Cooperative made use of the auditor's report, then upon the request of the Association he must give notification of the revocation.

## **11 Supplementary provisions for consultations and other activities**

(1) The association is entitled to assume that the facts and other information provided by the cooperative are correct and complete in all consultations and other activities, in particular in the case of consultation on individual issues as well as in the case of continuous consultation. The Association however has to point out to the cooperative any inaccuracies it has ascertained

(2) An assignment (e.g. tax consultancy assignment) does not include the actions required to meet deadlines, unless the association has expressly undertaken to do so. In this case, the cooperative shall submit to the Association all documents essential for meeting deadlines, in particular tax assessment notices, in good time so that the Association has an appropriate amount of time to process them.

(3) In its consultations and other activities, the Association takes into account the main published case law and, in the case of assistance in tax matters, also the main published administrative opinion.

## **12 Electronic Communications**

Communication between the association and the cooperative may be via e-mail. In the event that the cooperative does not wish to communicate via e-mail or sets special security requirements, such as the encryption of e-mails, the engaging party will inform the association in writing (Textform) accordingly.

## **13 Remuneration**

In addition to his claims for fees, the association is entitled to claim reimbursement of his expenses; sales tax will be billed additionally. He may claim appropriate advances on remuneration and reimbursement of expenses. Multiple engaging parties are jointly and severally liable.

The fees and charges are based on the rates set by the responsible Association management bodies. Unless otherwise agreed, the Association is entitled to collect the fees and charges, including the reimbursement of expenses, by direct debit.

## **14 Place of jurisdiction**

The place of jurisdiction is the registered office of the association.