

Copy NO. __

TRANSTREUHAND GmbH
Wirtschaftsprüfungsgesellschaft Hamburg

Report

On the preparation of the annual financial
statements as of December 31, 2020

The Generation Forest eG,
{formerly: Waldmenschen
eG) Hamburg

Report No.: T 67 / 2021

Table of contents

	<u>Page</u>
A. Engagement	1
B. Overall overview	3
I. Legal information	3
II. Tax information	4
III. Accounting	5
IV. Economic conditions	5
C. Reproduction of the Certificate.....	6
D. Summarised Final Remarks	7

Attachments

- | | | |
|------------|----|---|
| Attachment | 1: | Balance sheet as of 31.12.2020 |
| Attachment | 2: | Income statement for the period from January 1 to December 31, 2020 |
| Attachment | 3: | Appendix |
| Attachment | 4: | General Conditions of Contract for Auditors and Auditing Companies as amended on 01.01.2017 |

List of abbreviations

BGB	Bürgerliches Gesetzbuch
DATEVeG	Data Processing and Service for the Tax -consulting Professions eG, Nurnberg
EStG	Income Tax Act
GenG	Act on Cooperative Societies
GmbHG	Act on German Limited limited Liability Companies
HGB	German Commercial Code
IDW	Institut der Wirtschaftsprüfer in Deutschland e.V., Düsseldorf
IDWS	Standard of the IDW
KStG	German Corporation Tax Act

A. Engagement

This compilation report is addressed to the Board of Management of

**The Generation Forest eG,
Hamburg,**

which commissioned us to prepare the annual financial statements as of December 31, 2020 on the basis of the documents, accounts and inventory records submitted, taking into account the information provided. Our engagement did not include an assessment of the propriety of the documents. Existing options were exercised within the legally prescribed framework in accordance with the cooperative's requirements.

The Board of Management is responsible for the accounting records, the internal controls that have been set up for this purpose, and the annual financial statements, as well as for the information and documents provided to us.

For the performance of the engagement and our responsibility, also in relation to third parties, the General Terms and Conditions for Auditors and Auditing Firms in the version of 01.01.2017, attached as Annex 4, shall apply.

The cooperative is a small cooperative as defined in § 336 et seq. HGB i. V. m.

§ Section 267 (1) HGB. The annual financial statements were prepared in accordance with the order, mainly by making use of the simplifications provided for in the Großenabhängig.

As a small cooperative, the cooperative has not prepared a management report.

We carried out the work in June 2021 in our business premises.

In our work, we have observed the "Principles for the preparation of annual financial statements" set out in IDW S 7.

The Management Board and the persons appointed by it have willingly provided the required information and evidence. We have received the professional statement of compliance for the preparation of the annual financial statements.

We have issued this report on the results of our work. The financial statements for the year ended December 31, 2020, which were prepared in accordance with our engagement, are attached to this report as Annexes 1 to 3.

B. Overall Overview

I. Legal information

The cooperative was entered in the Commercial Register of the Hamburg Local Court on November 14, 2016 under No. GnR 1083. The Articles of Association were amended in sections 2, 17 and 37 at the Annual General Meeting on December 2, 2016. The amendment was entered in the commercial register on July 19, 2017.

At the General Meeting of 25.09.2020, § 1 of the Articles of Association was amended and the company name was changed. The change was registered on 09.03.2021.

The object of the cooperative is the sustainable reforestation of forests, the adjoining agricultural and forestry use in compliance with ecological, economic and ethical principles, as well as the marketing of products from sustainable production. The object of the company therefore includes:

- a) The joint purchase and lease of land needed for the plantation of forests.
- b) Planting and exploration van Waldern according to the principle of „Generation Forest“.
- c) To inform and advise the members and the public on all matters related to the object of the cooperative.
- d) The cooperative may also extend its business operations to the use of other sustainable and environmentally contractual forms of forest land and agricultural land use. Furthermore, it may acquire, manage, broker, lease and supervise forest and agricultural land in all legal and utilization forms; it may undertake all work in the field of forestry and agriculture and also use third parties for this purpose.
- e) 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 Articles of Association, shall take place in particular in Germany.

The cooperative may participate in other enterprises.

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

The financial year is the calendar year.

The registered office of the cooperative is Hamburg.

The **business share** amounts to EUR 1,200.00.

The members of the Management Board in fiscal year 2020 were Iliana Armien, Andreas Eke and Mathias Hein.

The **Supervisory Board** currently consists of four members. A list of the names of the members of the Supervisory Board is provided in the Notes {cf. Annex 3}.

At the **Annual General Meeting** on September 25, 2020, the annual financial statements for fiscal year 2019 were adopted, a resolution was passed to carry forward the net profit for the year to new account, and the actions of the Executive Board and Supervisory Board were ratified.

II. Tax Information

The cooperative is registered with the Hamburg-Mitte tax office under tax number 48/767/03047. A tax assessment has been made until 2018.

III. Accounting

1. Bookkeeping

The bookkeeping was carried out by us using the DATEV software "Kanzlei-Rechnungswesen Pro".

2. Financial statements

The annual financial statements as of December 31, 2020, consisting of the balance sheet, the income statement and the notes to the financial statements, have been prepared on the basis of the accounting records presented to us.

The income statement has been prepared using the nature of expense method (Section 275 (2) HGB).

Assets and liabilities are recognized and measured in accordance with the provisions of the German Commercial Code (HGB), the supplementary provisions of the GenG and the supplementary provisions of the Articles of Association and the principles of proper accounting.

For details of the annual financial statements, please refer to the notes to the financial statements (Appendix 3), where the simplification provisions permitted for small cooperatives have been applied.

IV. Economic conditions

The Generation Forest eG still does not generate any sales revenue.

The asset situation is characterized by the increases in the arrears of payments on business shares (EUR 473 thousand). Furthermore, by the investment in Waldmensen S. A. in Panama and from the investment in VWT S. A., which were merged in the year under review. In addition, the asset situation is characterized by the loan granted to Waldmensen S. A..

The cooperative's solvency was ensured at all times due to the available liquid funds and the cash inflows from financing activities.

C. Reproduction of the Certificate

"Certificate of the auditor on the preparation

To The Generation Forest eG

We have been engaged to prepare the following financial statements, comprising the balance sheet, the income statement and the notes to the financial statements of The Generation Forest eG, Hamburg, for the fiscal year from January 1 to December 31, 2020, in accordance with German commercial law and supplementary provisions of the articles of incorporation. The basis for the preparation of the financial statements was provided by the vouchers, accounts and inventory records submitted to us, which we have not audited in accordance with our engagement, and the information provided to us. The maintenance of the books and records and the preparation of the annual financial statements in accordance with German commercial law and supplementary provisions of the articles of incorporation are the responsibility of the cooperative's management.

We conducted our engagement in accordance with the IOW-Standard: Principles for the Preparation of Annual Financial Statements (IDW S 7). This includes the development of the balance sheet and the income statement as well as the notes on the basis of the accounting and the inventory as well as the specifications on the accounting and valuation methods to be applied.

Hamburg, June 23, 2021

TRANSTREUHAND Ltd.
Wirtschaftsprüfungsgesellschaft

gez. ppa.
Steffens Tax
consultant

gez. ppa.
Frey tax
consultant"

D. Summarised Final Remark

The annual financial statements as of December 31, 2020 were prepared by us on the basis of the BU ches submitted to us and the information provided.

Hamburg, June 23, 2021

TRANSTREUHAND Ltd.
Wirtschaftsprüfungsgesellschaft



ppa. Steffens
tax consultant



ppa.-Frey tax
consultant

The Generation Forest eG, Hamburg

Balance sheet as of December 31, 2020

Assets			Liabilities	
	31.12.2020 EUR	31.12.2019 EUR	31.12.2020 EUR	31.12.2019 EUR
A. Deposits on arrears on Business shares	1.296.391,24	823.504,00	A. Equity	
B. Fixed assets			I. Business assets	5.818.800,00
Property, plant and equipment	1.298,00	911,00	II. Capital pressure situation	203.634,00
Financial assets	878.824,26	878.824,26	III. Loss carried forward (-)	-820.309,27
C. Current assets			IV. Net loss (-)	-475.282,37
I. Receivables and other assets items	1.408.836,88	395.898,32		4.726.842,36
II. Cash on hand and Balances with credit institutions	1.184.722,77	410.411,05	B. Back positions	14.014,88
	4.770.073,15	2.509.548,63	C. Liabilities	29.215,91
				4.770.073,15
				2.509.548,63

The Generation Forest eG, Hamburg

Income statement for the period from 01.01 to 31.12.2020

	EUR	Fiscal year EUR	Previous year EUR
1. Gross earnings		61.003,96	12.120,00
2. Personnel expenses			
a) Wages and salaries	195.196,27		90.860,27
b) Social expenses	63.170A2	258.366,69	18.074,34
3. Depreciation of property, plant and equipment		3.138,94	903,18
4. Other operating expenses		<u>274.780,70</u>	<u>414.268,84</u>
5. Loss for the year (-)		-475.282,37	-511.986,63

The Generation Forest eG, Hamburg

Appendix

A. General Information

1. The structure of the balance sheet and the income statement complies with the provisions of the German Commercial Code. The income statement has been prepared using the nature of expense method.
2. The cooperative is small within the meaning of Section 267 (1) HGB. The preparation of a statement of changes in fixed assets was waived in accordance with Section 336 (2) in conjunction with Section 288 HGB.
3. The cooperative has its registered office in Hamburg and is entered in the register of cooperatives at Hamburg Local Court under GbR 1083.

B. Explanations on the Accounting and Valuation Methods

The following accounting policies have been applied in preparing the balance sheet and the income statement:

- The business assets have been reported on a gross basis in accordance with section 337 (1) sentence 3 HGB.
- Low-value fixed assets with a purchase price of up to EUR 800.00 are fully depreciated in the financial year and treated as disposals.
- Financial assets are valued at acquisition cost.
- Receivables and other assets were valued at nominal value. There was no need for a valuation allowance.
- Cash and cash equivalents are stated at nominal value in all cases.
- The other accruals correspond to the settlement amounts required according to prudent business judgment.
- Liabilities were recognized at the settlement amount.

C. Explanations on the Balance Sheet and Income statement

I. Balance

1. In 2017, the cooperative had 10 shares à B/. 1,000.00 (=USO 1,000.00) of the Waldmensen S.A., in Panama City, Panama, at a total purchase price of B/. 475,000.00 (= USO 475,000.00). A down payment of EUR 380,000.00 was made on this amount by the closing date 2018. The remaining amount of EUR 28,901.00 was paid at the beginning of 2019. The cooperative was the sole shareholder of Waldmensen S.A.

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

On 06.05.2020 the merger of Waldmensen S.A. (acquiring legal entity) and VWT S.A. (acquired legal entity) was executed and confirmed by public deed no. 4162.

Financial statements of the merged company as of 31.12.2020 are var. Shareholders' equity as of 31.12.2019 amounts to USO 21,436.00. Fiscal year 2020 ended with a net profit of USO 1,168.00.

2. Receivables and other assets have a remaining term of less than one year.
3. All liabilities have a remaining term of less than one year.

II. Profit and loss account

There are no special comments.

D. Other information

1. Changes in the Number of Members

	<u>Number of members</u>	Number of Business shares _____
01.01.2020	874	2.616
Additions	619	2.239
Disposals	4	6
01.01.2021	1.489	4.849

The remaining members' credit balances increased by EUR 2,679,600.00 in the financial year.

The amount of the shareholding is EUR 1,200.00. There are no commitments for total liability.

There are other financial obligations in the form of rental obligations amounting to EUR 22,045 per year.

2. Staff Number

The cooperative employs an average of twelve employees.

3. Minimum Capital

As of the balance sheet date, the minimum capital pursuant to Section 37 (4) of the Articles of Association amounts to EUR 0.00.

4. Name and Address of the Auditing Association

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

5. Members of the Board of Directors

Andreas Eke

Mathias Hein

Ing. Iliana Armien

6. Supervisory Board

Andre Marius Le Prince Chairman

Dr. Hans Joachim

Bellmann Dr. Verena

Sandner-LeGall Axel

Kleinefenn

7. At the reporting date, there were no receivables from members of the Board of Management or the Supervisory Board.

Hamburg, May 31, 2021

The Generation Forest eG Board
of Directors

A. Eke

I. Armien

M. Hein

General Terms of Engagement for German Public Auditors and Auditing Companies of 01 January 2017

1. Applicability

(1) These terms of engagement apply to contracts between German public auditors or auditing companies (hereinafter collectively referred to as "Auditor") and their clients relating to audits, tax consultancy, consultancy in economic matters and other engagements, unless explicitly otherwise agreed in writing or obligatorily prescribed by law.

(2) No third parties may derive any claims from the contract between the auditor and the client, unless that was explicitly agreed or results from mandatory legal relations. These General Terms and Conditions shall also apply to third parties, in such case.

2. Scope and performance of the engagement

(1) The subject matter of the engagement is the performance of agreed services, not a particular economic outcome. The engagement shall be carried out in accordance with the principles of proper professional practice. The Auditor will not perform any duties of the management in connection with their services. The Auditor shall not be responsible for the use or implementation of the results of their services. The Auditor is entitled to use suitably qualified persons to execute the engagement.

(2) Other than in the case of operational audits – if regard is to be given to foreign law, an express written agreement will be required.

(3) If the factual or legal situation changes after the Auditor has issued their final professional statement, they will not be obliged to inform the client of changes or of any resulting implications.

3. Client's duty to cooperate

(1) The client must ensure that the Auditor is provided with all documents and other information necessary for the realisation of the order in due time and it must be ensured that all events and circumstances which could be important for the performance of the engagement are brought to the Auditor's attention. That applies also to documents and other information, events and circumstances which only become known in the course of the Auditor's work. The client will inform the Auditor of suitable persons who might provide information.

(2) At the Auditor's request, the client must confirm in a written declaration as prepared by the Auditor that the documents and other information provided and the data and declarations given are complete.

4. Safeguarding the Auditor's independence

(1) The client shall refrain from all activities which might endanger the independence of the Auditor's staff. That shall apply for the term of the contractual relationship, in particular to offers of employment and the assumption of the capacity of a company body and to offers to undertake engagements for their own account.

(2) If the performance of the engagement endangers the independence of the Auditor, of companies associated with them, of their network companies or of companies associated with them, which are subject to the provisions of independence in the same manner like the Auditor, in other contractual relationships, the Auditor shall be entitled to end the engagement by an extraordinary termination.

5. Reporting and verbal information

If the Auditor is required to present the results of their work in writing, such written statement will be authoritative only. Any drafts of written presentations are non-binding. No verbal statements and information of the Auditor shall be binding, unless they were confirmed in writing, unless otherwise agreed. Statements and information provided by the Auditor outside the engagement assigned will never be binding.

6. Disclosure of the Auditor's professional statements

(1) Any disclosure to any third parties of professional statements made by the Auditor (work results or extracts from work results – regardless of whether such are made as a draft or in the final version) or of information on the activities of the Auditor shall require the written consent of the Auditor, unless authorisation to make disclosure to a particular third party is based on a law or an order issued by an authority.

(2) The use of the Auditor's professional statements and of information on the Auditor's activities for the client for promotional purposes shall be prohibited.

7. Elimination of Deficiencies

(1) The client will have a claim to subsequent performance by the Auditor in case of any deficiencies. They may not reduce the compensation or withdraw from the contract, unless in the event of a failure of the subsequent performance, their omission or unjustified rejection, unreasonableness or impossibility; if the engagement was not assigned by a consumer, the client may only withdraw from the contract if the performance provided is of no interest to them on account of the failure, omission, unreasonableness or impossibility of the subsequent performance. To the extent that there are further claims for damages, no. 9 shall apply.

(2) The client must assert their claim for the elimination of deficiencies in writing without delay. Claims in accordance with paragraph (1) above which are not due to an intentional act will become statute-barred one year after the start of the statutory limitation period.

(3) Obvious inaccuracies such as, for example, typing and arithmetic errors, and defects in form contained in an Auditor's professional statement (report, opinions and the like) can be corrected by the Auditor at any time, including vis-à-vis third parties. Inaccuracies which are likely to call into question the conclusions contained in the Auditor's professional statement shall entitle the Auditor to withdraw the statement, including vis-à-vis third parties. In such cases, the Auditor should hear the client's opinion first, if at all possible.

8. Duty of secrecy toward third parties, data protection

(1) The Auditor is obliged to keep in secrecy any facts and circumstances that are confided or become known to them during their professional activity pursuant to the legal provisions (Sec. 323 (1) of the HGB, Sec. 43 of the WPO [German Regulation for Auditors], Sec. 203 of the StGB [German Criminal Code]), unless the client releases them of such duty of secrecy.

(2) The Auditor will observe the rules on data protection under national and European laws during the processing of personal data.

9. Liability

(1) The applicable statutory limitations on liability, in particular the limitation of liability set forth in Section 323 para. 2 HGB shall apply to legally prescribed services performed by the Auditor.

(2) Insofar as neither a statutory limitation of liability applies nor a limitation of liability agreed in an individual contract, the Auditor's liability for claims of damages of any type shall be limited to EUR 4 million per individual case of damage caused by negligence pursuant to Sec. 54a (1) no. 2 of the WPO, apart from damage caused by the injury of life, limb or health and damage justifying a duty of reimbursement by the manufacturer pursuant to Sec. 1 of the ProdHaftG [Product Liability Act].

(3) The Auditor shall be entitled to pleas and objections arising from the contractual relationship with the client also toward third parties.

(4) If several claimants derive claims from a negligent violation of the duty by the Auditor under the contractual relationship existing with the Auditor, the maximum amount specified in para. 2 shall apply as a total for all claims of all claimants.

(5) A single case of damage in terms of para. 2 shall also be deemed to exist regarding a uniform damage arising from several violations of duty. The individual case of damage comprises any and all consequences of a violation of duty, without regard of whether damages arise in one or in several consecutive years. Any multiple activities or omissions which are based on the same or equivalent types of errors are considered uniform violations of duty, if the affected matters are legally or economically associated with one another. Claims may, in this case, be asserted against the Auditor only up to an amount of EUR 5 million. The limitation to five times the minimum insurance sum shall not apply to legally prescribed statutory audits.

(6) Claims for damages will be forfeit, unless they are asserted in a court action within six months after the written rejection of the compensation where the client must have been informed of this consequence. That shall not apply to any claims for damages resulting from intentional conduct and in case of a culpable injury of life, limb or health and for damage justifying a duty of replacement of the manufacturer under Sec. 1 of the ProdHaftG. The right to assert the plea of limitation shall remain in full force and effect.

10. Supplementary provisions in respect of audit engagements

(1) If the client subsequently amends the financial statements or management report which were audited by the Auditor and awarded the auditor's certificate, they may no longer use such auditor's certificate.

If the Auditor did not grant any auditor's certificate, no note relating to the audit performed by the Auditor shall be allowed in the management report or in any other place intended for the public, unless the Auditor has given their written consent and only with the wording authorised by the Auditor.

(2) If the Auditor withdraws the auditor's certificate, it may no longer be used. If the client has already used the auditor's certificate, they will have to announce the withdrawal of the auditor's certificate at the Auditor's request.

(3) The client is entitled to receive five copies of the report. Additional copies will be charged for separately.

11. Supplementary provisions in respect of assistance with tax matters

(1) The Auditor is entitled, when advising on individual tax issues and also when providing ongoing advice, to assume that the facts given by the client, in particular figures, are accurate and complete; this applies also to bookkeeping engagements. They must, however, point out to the client any inaccuracies found by them.

(2) The engagement to provide tax advice shall not include the procedures required for compliance with deadlines, unless the Auditor expressly undertook this task. In this case, the client must provide the Auditor with all documents of material importance for compliance with deadlines, in particular notices of tax assessment, in good time so that the Auditor has adequate time left for processing them.

(3) Unless otherwise agreed in writing, ongoing tax advice shall comprise the following activities falling within the period of the contract:

- a) preparation of the annual tax returns in respect of income tax, corporation tax and trade tax, as well as net wealth tax returns, on the basis of the annual financial statements and other schedules and supporting documents required for taxation purposes to be produced by the client;
- b) examination of notices of assessment relating to the taxes specified in a);
- c) negotiations with the tax authorities in connection with the returns and notices specified in a) and b);
- d) assistance in investigations by the tax authorities and evaluation of the results of such investigations in relation to the taxes specified in a);
- e) assistance in opposition and appeal proceedings in relation to the taxes specified in a).

The Auditor shall consider material, published court rulings and administrative interpretation in relation to the above-mentioned activities.

(4) If the Auditor receives a fixed fee for ongoing tax advice, the activities specified in (3) d) and e) above shall be remunerated separately, unless otherwise agreed in writing.

(5) If the Auditor works also as tax consultant and if the *Steuerberatervergütungsverordnung* [German Fee Ordinance for Tax Consultants] is to be applied for calculating the compensation, a written agreement shall be made, if the compensation is to be higher or lower than the statutory compensation.

(6) Particular individual questions relating to income tax, corporation tax, trade tax, valuation of economic units and net wealth tax, as well as all questions relating to turnover tax, salary tax and other taxes and levies shall be handled on the basis of a separate order. This shall also apply in respect of

- a) work in relation to one-off tax matters, e.g. in the area of inheritance tax, capital transaction tax, property acquisition tax;
- b) assistance and representation in proceedings before the courts of fiscal and administrative jurisdiction and in criminal proceedings relating to fiscal matters;
- c) advisory and expert work provided in connection with transformations, mergers, capital increases or reductions, reorganisations, partners joining the company and withdrawals of partners or shareholders, sale of businesses, liquidations and the like; and
- d) support in the compliance with notification and documentation duties.

(7) If a preparation of the annual turnover tax return is undertaken as an additional activity, this will neither include a verification of any special accounting requirements, nor the issue of whether all potentially available turnover tax reliefs and allowances have been claimed. No responsibility will be assumed for the completeness of the documentation for claiming the input tax deduction.

12. Electronic communication

The Auditor and the client may also communicate by email. Insofar as the client does not wish to communicate by email or makes special security requirements such as the encryption of emails, the client will inform the Auditor accordingly, in writing.

13. Remuneration

(1) In addition to their claim for professional fees or remuneration, the Auditor has a right to reimbursement of their expenses; sales tax will be charged in addition. The Auditor may request reasonable payments on account towards fees and reimbursement of expenses and may make delivery of their work dependent upon the full satisfaction of their claims. Where an engagement is assigned by several clients, they will be jointly and severally liable.

(2) Offsetting against the Auditor's claims to remuneration and reimbursement of expenses shall only be permissible in the case of undisputed claims or finally determined, non-appealable claims.

14. Dispute resolutions

The Auditor is not willing to take part in any dispute resolution proceedings before a consumer arbitration body in terms of Sec. 2 of the *Verbraucherstreitbeilegungsgesetz* [German Act on the Resolution of Disputes among Consumers].

15. Applicable law

The engagement, its realisation and any claims arising thereunder will exclusively be governed by German law.