

Waldmensen, S.A.
Republic of Panama
Audited Financial Statement Report
December 31, 2023, with comparative figures for 2022
(Figures in Balboa)



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Audited Financial Statement

Waldmensen, S.A.

December 31, 2023

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Waldmensen, S.A.
Panama, Republic of Panama

Opinion

We have audited the financial statements of, Waldmensen, S.A. which comprise the statement of financial position as at December 31, 2023, and the income statement, statement of changes in shareholders equity and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position as of December 31, 2023, and its financial performance and cash flows for the year then ended, in accordance with Standards International Financial Reporting Standards for small and medium-sized companies (IFRS for SMEs).

Opinion of Basis

We have performed our audit in accordance with International Standards on Auditing (ISA). Our responsibility under those standards is further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the firm in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Panama and we have complied with our other ethical responsibilities in accordance with those requirements and with the IESBA Code of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of the Administration in relation to the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and the internal control that management determined necessary to allow the preparation of financial statements that are free of material misstatements due to either fraud or error.

In preparing the financial statements, management is responsible for evaluating the ability of the company to continue as a going concern, disclosing, as appropriate, matters related to the going concern status and using the business accounting basis ongoing, unless management intends to liquidate the business or cease operations, or there is no realistic alternative.

The board of directors is responsible for supervising the financial information process of the company.

Auditor`s Responsibility in Relation to the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an audit report containing our opinion. Reasonable assurance is a high degree of assurance, but it does not guarantee that an audit conducted in accordance with the ISAs will always detect a material error where one exists. Errors may be due to fraud or error and are considered material if, individually or in the aggregate, they can reasonably be expected to include in the economic decisions that users make based on these consolidated financial statements.

Other legal information requirements

In compliance with Law 280 of December 30, 2021, which regulates the profession of authorized public accountant in the Republic of Panama, we declare the following:

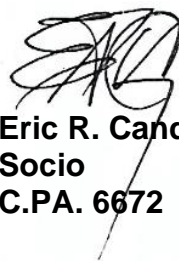
That the direction, execution and supervision of this audit work has been carried out physically in Panamanian territory for those entities or business activities that carry out operations that are perfected, consumed or take effect within the Republic of Panama.

The partner in charge of the audit who has prepared this report of the independent auditors is Eric R. Candanedo P. with number of suitability of certified public accountant (C.P.A.) #6672.

The work team that has participated in the audit of the entity referred to in this report is made up of Eric R. Candanedo P., Partner; Danilo Batista, Manager.



**Certified Public Accountants
Technical Accounting Board PJ 38**



**Eric R. Candanedo P.
Socio
C.P.A. 6672**

Panama, Republic of Panama
March 13, 2024

Waldmensen, S.A.**Balance Sheet**

December 31, 2023, with comparative figures as of December 2022

(Figures in Balboas)

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	Notes	2 0 2 3	2 0 2 2
Assets			
Current			
Cash	3-a y 4	16,872	1,512,207
Others accounts receivable	12	3,629	8,192
Others current assets	5	91,152	131,011
<i>Total current assets:</i>		111,653	1,651,410
Biological assets (forest plantations)	3-c y 6	8,308,603	4,507,885
Biological assets (animals)		300	300
Property, furniture and equipment	3-d y 7	11,123,748	10,316,962
Accumulated depreciation	3-d y 7	(248,659)	(91,994)
<i>Total fixed assets:</i>		10,875,089	10,224,968
Accounts receivable related companies	3-b y 8	1,346,572	8,351
<i>Total other assets:</i>		1,346,572	8,351
Total assets:		B/.20,642,217	B/.16,392,914
Liabilities and shareholders equity			
Liabilities			
Current			
Accounts payable	3-f y 9	7,768	241,414
Other current liabilities	3-f y 10	25,011	17,418
<i>Total current liabilities:</i>		32,779	258,832
Accounts payable related companies	3-b y 8	294,488	77,865
Accounts payable shareholders	11	20,285,398	16,029,669
<i>Total other liabilities:</i>		20,579,886	16,107,534
Total liabilities:		20,612,665	16,366,366
Shareholders Equity			
Paid-in capital	3-h	20,000	20,000
Retained earnings		9,552	6,548
<i>Net worth:</i>		29,552	26,548
Total liabilities and equity:		B/.20,642,217	B/.16,392,914

See accompanying notes to the financial statements.

Waldmensen, S.A.

Income Statement

Year ended December 31, 2023, with comparative figures as of December 2022

(Figures in Balboas)

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	Notes	2 0 2 3	2 0 2 2
Income:			
Earned interests income	3 - e	3,004	1,958
<i>Total income:</i>		3,004	1,958
<i>Operating income:</i>		3,004	1,958
Income tax	3-g	=	=
<i>Net income:</i>		B/3,004	B/1,958

See accompanying notes to the financial statements.

Waldmensen, S.A.

Statement of Changes in Shareholders Equity

Year ended December 31, 2023, with comparative figures as of December 2022

(Figures in Balboas)

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	Paid-in Capital	Retained earnings	Other additions or (deductions)	Total Shareholders equity
Balance as of December 31, 2021	B/.20,000	B/.4,590	B/.0	B/.24,590
Net income 2022	=	1,958	=	3,154
Balance as of December 31, 2022	B/.20,000	B/.6,548	B/.0	B/.26,548
Net income 2023	=	3,004	=	3,004
Balance as of December 31, 2023	B/.20,000	B/.9,552	B/.0	B/.29,552

See accompanying notes to the financial statements.

Waldmensen, S.A.**Cash Flow Statement**

Year ended December 31, 2023, with comparative figures as of December 2022

(Figures in Balboas)

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	2 0 2 3	2 0 2 2
Cash flow from operating activities:		
Net income	3,004	1,958
Adjustment to reconciled net income with cash		
Depreciation and amortization	156,665	76,072
<i>Cash coming from the activities of the operations:</i>	159,669	78,030
Changes in net assets and liabilities		
Changes in others accounts receivable	4,563	(7,063)
Changes in related accounts receivable	(1,338,221)	2,160
Changes in other assets	39,859	(121,838)
Changes in accounts payable	(233,646)	238,720
Changes in related accounts payable	216,623	(58,269)
Changes in other liabilities	7,593	11,087
<i>Net cash from operations:</i>	(1,143,560)	142,827
Cash flow from investment activities:		
Changes in biological assets	(3,800,718)	(2,704,543)
Changes in biological assets (animals)	=	(300)
Changes in fixed assets due to acquisitions	(806,786)	(7,308,373)
<i>Net cash from investment activities:</i>	(4,607,504)	(10,013,216)
Cash flow from financing activities:		
Changes in accounts payable shareholders	4,255,729	8,127,397
<i>Net cash from financing activities:</i>	4,255,729	8,127,397
Net change in cash and cash equivalent:	(1,495,335)	(1,742,992)
Cash and cash equivalent at the beginning of the year	1,512,207	3,255,199
<i>Cash and cash equivalent at the end of the year:</i>	B/.16,872	B/.1,512,207

See accompanying notes to the financial statements.

Waldmensen, S.A.

Notes to the Financial Statements

December 31, 2023, with comparative figures as of December 2022

(Figures in Balboas)

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Note 1 Operation and constitution

a. Operations:

Waldmensen, S.A. is a Corporation organized under the laws of the Republic of Panama on March 15, 2007.

Waldmensen, S.A.'s business objective is land tenure and biological forest assets, implementation of mixed forests and sustainable native tropical timber and teak in Panama and potentially other tropical regions. The company is in the development stage, lumber and other sales are in the development stage.

Other of its objectives is the creation of social and environmental impacts such as the increase in biodiversity; carbon sequestration as a service for investors; the generation of profits through the sale of wood sustainably produced through generational forests that reinforce the resilience of nature, creating over time a diverse, economically self-sufficient forest.

The company is 100% owned by The Generation Forest eG cooperative in Hamburg Germany.

Reforestation activities are protected by the regulation of the law of incentives for reforestation established in article 12 of Executive Decree 89 of June 1993.

Note 2 Preparation base

a. Compliance statement:

The financial statements have been prepared in accordance with the International Financial Reporting Standards for Small and Medium Entities (IFRS for SMEs) promulgated with the International Accounting Standards Board ("IASB").

b. Measurement bases:

The financial statements of Waldmensen, S.A., have been prepared on a historical cost basis.

c. Monetary Unit:

The financial statements are expressed in balboas (B /.), The legal currency of the Republic of Panama, which is at par and is freely exchangeable with the dollar (\$) of the United States of America.

d. Accounting estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income, expenses and the disclosure of contingent assets and liabilities as of the date of the financial statements. Actual results may differ from these estimates.

Estimates and assumptions are reviewed regularly. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future period affected.

The estimates and assumptions that have the most important effect on the amount recognized in the financial statements and that by their nature have a high risk of causing material adjustments to the

figures of assets and liabilities in the financial statements of the next year refer to to the useful life of the fixed assets, the determination of the provision for doubtful accounts.

Note 3 Summary of most important accounting policies

a. Cash:

Cash is represented by cash on hand highly liquid short-term investments, whose maturity is equal to or less than three months from the acquisition date. These financial assets are valued at fair value through profit or loss as of the date of the statement of financial position without deducting the transaction costs that may be incurred in their sale or disposal.

b. Accounts receivable:

Most sales are made on normal credit terms, and accounts receivable amounts are interest-free. When credit is extended beyond normal credit terms, accounts receivable are measured at amortized cost using the effective interest method. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine if there is any objective evidence that they will not be recoverable. If so, an impairment loss is recognized immediately in income.

Accounts receivable from related parties and affiliates are recognized and recorded at cost.

c. Biological assets:

The company records as biological assets all the costs incurred in the execution of the development of their forestry plan, plus all the current administrative expenses for the operation and maintenance of the forestry project.

The entity uses the cost method to measure its biological assets, in accordance with the provisions of section 34 of the IFRS for SMEs, which states that the costs may, on occasion, be approximations of the fair value, in particular when: literal b: “the impact of biological transformation on price is not expected to be significant”. According to the aforementioned standard, this criterion is applied to the initial growth phases of plantations, which have a production cycle with long growth periods. For the forest plantations maintained by the entity, substantial timber harvest is estimated to begin 20 years after planting the seedlings.

The biological assets that the Company maintains consist of the plantation of forest trees (teak, cocobolo, cedar, mahogany, almond, among others), which in turn will be converted into logs or wood depending on the processing after harvest or collection.

d. Property, furniture and equipment:

Property, furniture, and equipment are accounted for at acquisition price or production cost less accumulated depreciation and impairment losses. The cost includes expenses that are directly attributable to the acquisition of the asset. The cost of home-built assets includes: the cost of materials, direct labor, an appropriate ratio of indirect costs, and capitalized borrowing costs. Profits or losses from the sale or retirement of assets are included in the results of the period in which the transaction is carried out.

Waldmensen, S.A.

Notes to the Financial Statements

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The recorded values of property, equipment and furniture are reviewed to determine their impairment when there are circumstances that indicate that the recorded value may not be recoverable. In the event that the recorded value exceeds the recoverable value, the assets are written down to their recoverable value. Impairments for losses are recognized in income for the period.

Depreciation is applied using the straight line method, over the estimated useful life of the assets. Assets are depreciated from the date of acquisition and those built at home, from the date the asset is completed and ready to be used. The land is not neglected. Expenses for repair and maintenance of property, equipment and furniture incurred to restore or maintain the economic benefit and the estimated useful life of the asset is recognized as an expense when incurred.

The estimated useful life for the current and comparative periods of the most significant items are as follows:

Furniture and equipment	3 years
Rolling equipment	3 years
Buildings and galleries	5 years
Machinery and heavy equipment	5 years
Minor equipment and tools	3 years
Internal roads clearance	5 years

The depreciation, useful life and residual values methods are reviewed and adjusted, if necessary, prospectively.

e. Revenue recognition:

Income from the sale of goods is recognized when the significant risks and benefits derived from the property are transferred to the buyer, it is probable that economic benefits will be obtained from the transaction, the associated costs and possible returns can be measured reliably and the Company it does not retain any involvement in the day-to-day management of the assets and the amount of income can be reliably measured. Income is presented net of discounts, returns and sales tax.

Income is recognized when a sale of biological assets is produced or culminated, that is, when the projection of the forest plantation is completed, and it is received by a final buyer.

Financial interest income is recognized when accrued and is included in the results of the period.

f. Financial liabilities:

The company recognizes liabilities on the date they arise. The company derecognizes a liability when its contractual obligations are canceled or expire. The company's financial liabilities include commercial accounts payable, loans payable to banking or other institutions, overdrafts, and other liabilities.

g. Taxes:

The current income tax is the tax expected to be paid on the net taxable income for the period, using the rates in force at the date of the report. Current tax is recognized by the Company as a liability to the extent that it has not been paid. If the amount paid corresponding to the current and previous periods exceeds the amount to be paid for those periods, the excess is recognized as an asset.

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Through the forest registry of the National Environmental Authority (ANAM) N°.DEMAFORRF-RFC-ARAD-01-2015, Waldmensen, S.A. availed itself of the tax benefits regime provided for in Law 24 of November 23, 1992. The Company anticipates that the duration of the project is indefinite, with a service contract of 25 years, extendable.

The Company enjoys, among others, the following tax incentives:

1. Exemption from the payment of the real estate tax and the real estate transfer tax of farms dedicated to the reforestation of more than 50% of their land or that have a minimum of two hundred reforested hectares.
2. Exemption from payment of import tax on agricultural, forestry, industrial machinery and equipment, forestry research equipment, seeds, stakes, tools and other elements necessary for the exclusive use of reforestation activities.
3. Exemption from payment of income tax on profits derived from the commercialization of products extracted from forest plantations that are within twenty-five years counted from the effective date of this law.

The company's income tax returns are subject to review by the tax authorities, for the last three years including the year ended December 31, 2023.

h. Paid-in capital:

Common shares are classified as equity. The capital stock is made up of 20 paid common shares, with a par value of B/1,000.00. each share.

Note 4 Cash

As of December 31, 2023 and 2022, the cash is detailed as follows:

	2023	2022
Bac Panamá – Saving account	12,559	973,045
Banco General – Saving account	1,881	536,346
Petty Cash	1,950	1,450
Banco General – Checking account	482	1,366
Total:	B/.16,872	B/.1,512,207

Note 5 Other current assets

As of December 31, 2023 and 2022, the other current assets are detailed as follow:

	2 0 2 3	2 0 2 2
Tools and supplies (1)	81,374	75,086
Advancement to suppliers	8,958	55,775
Guarantee deposits	820	150
Total:	B/.91,152	B/.131,011

(1) This inventory is composed of Melsuforon, fertilizers, files, machetes among others.

Note 6 Biological assets – forest plantations

The company develops a forestry plantation project using the concept of generation forest. By planting multiple generations of trees over a period of four decades and using a variety of species, a biodiverse permanent yet productive forest is created. Depending on the species, the first substantial harvest of timber is expected between 20-40 years after planting. As of December 31, 2023, the plantations are cultivated on an area of 2,093 hectares; of which, the planted area is 1,061.03 hectares and the area destined for other uses is 1,031.21 hectares.

As of December 31, 2023 and 2022, the accumulated investment costs in biological assets are B/.8,308,603 and B/.4,507,885 respectively.

Below, we detail the biological assets planted by farms, type of species and quantity per hectare:

Waldmensen, S.A.
Notes to the Financial Statements
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(Figures in Balboas)

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Note 6 Biological assets – forest plantations...Continuation

Detalle de las plantaciones forestales al 31 de diciembre de 2023:

Land	Species	Planted Area	Other uses Areas	Total Area
La Reina	Teca, Cocobolo, Almendro, Bálsamo, Caoba, Cedro Amargo, Roble, Guayacán	21.76	3.64	25.40
Claritas	Cocobolo, Ron ron, Cedro amargo, Teca, Roble, Guayacán morado, Caoba, Almendro, Amarillo, Cedro amargo, Amarillo, Quira, Guayabo, Bálsamo, Bambú, Guayaquil, Cativo, Laurel, Berba, Espave, Mixta	595.54	361.20	956.74
Colón	Alcarreto, Berba, María, Carapas, Cocobolo, Almendro, Nispero, Caobillo, Amarillo, Acaranda, Aceituno, Capa, Cacao, Caoba, María Chiquita, Maria Grande, Bateo.	72.31	75.08	147.39
Lastenia	Almendro, Cocobolo, Amarillo, Almendro de montaña, Cedro amargo, Roble, Teca, Caoba, Laurel, Espavé, Guayacán Morado, Cedro, Bálsamo.	237.75	348.84	586.59
Nicanor	Almendro, Amarillo, Caoba, Cedro amargo, Cocobolo, Ormosia, Laurel, Roble, Teca, Amarillo, Panamá.	134.57	242.45	377.02
Total hectares		1,061.93	1,031.21	2,093.14

**The information for this table was obtained from the Forestry Valuation Report issued by EcoWood Panama Services S.A. at December 31 2023.*

Waldmensen, S.A.
Notes to the Financial Statements
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Note 6 Biological assets – forest plantations...Continuation

Detail of forest plantations as of December 31, 2022:

Land	Species	Planted Area	Other uses Areas	Total Area
La Reina	Teca, Cocobolo	20.700	4.700	25.400
Claritas	Cocobolo, Ronron, Cedro Amargo, Teca, Roble, Guayacan morado, Caoba, Almendro, Amarillo, Quira, Bálsamo	182.480	58.706	241.186
Colón	Alcarreto, Berba, María, Carapas, Cocobolo, Almendro, Nispero, Caobillo, Amarillo, Maria Chiquita, Maria Grande, Aceituno, Bateo	30.520	65.950	96.470
Total hectares:		233.700	129.356	363.056

The information for this table was obtained from the Forestry Valuation Report issued by EcoWood Panama Services S.A. at December 31 2022.

Note 7 Property, furniture and equipment

As of December 31, 2023 and 2022, the properties, furnishings and equipment are detailed as follows:

	2 0 2 2	Increases	Decreases	Useful life	2 0 2 3
Land	9,676,176	100,000	=	=	9,776,176
Rolling equipment	213,199	5,440	=	3	218,639
Machinery and heavy equipment	164,526	34,172	=	5	198,698
Internal roads (I)	142,142	584,308	=	5	726,450
Building and galleys	45,839	22,574	=	5	68,413
Furniture and equipment	41,274	40,128	=	3	81,402
Equipment and minor tools	33,806	20,164	=	3	53,970
Total:	B/.10,316,962	B/.806,786	B/.0		B/.11,123,748

(1) *The administration decided that the amortization of the road rehabilitation will begin in 2024, since the work was completed in 2023.*

Waldmensen, S.A.
Notes to the Financial Statements
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Note 7 Property, furniture and equipment... continuation

As of December 31, 2023 and 2022, the accumulated depreciation of property, furniture and equipment are detailed as follows:

	2 0 2 2	Increases	Decreases	Useful life	2 0 2 3
Acum. Dep. Rolling equipment	53,807	68,096	=	3	121,903
Acum. Dep. Machinery and heavy equipment	9,761	50,758	=	5	60,519
Acum. Dep. Building and galleys	12,892	9,854	=	5	22,746
Acum. Dep. Furniture and equipment	6,530	8,836	=	3	15,366
Acum. Dep. Equipment and minor tools	9,004	19,121	=	3	28,125
Total:	B/.91,994	B/.156,665	B/.0		B/.248,659

Note 8 Transactions with related parties

As of December 31, 2023 and 2022, the company carried out transactions and maintains balances with related companies as follows:

a. Accounts receivables

	2 0 2 3	2 0 2 2
Forestal Filo del Tallo, S.A.	1,336,572	=
Fundación Bosque de Generaciones	10,000	=
Arboreal VPV, S.A.	=	8,351
Total:	B/.1,346,572	B/. 8,351

Accounts receivable between related parties do not generate interest nor do they have a specific payment date.

b. Accounts payables

	2 0 2 3	2 0 2 2
Futuro Forestal, S.A.	149,678	4,990
Viveros Panamá Verde, S.A.	142,649	=
Brain Forest Inc, S.A.	2,161	2,979
Arboreal FF, S.A.	=	69,896
Total:	B/.294,488	B/. 77,865

Accounts payable between related parties do not accrue interest nor do they have a specific payment date.

Note 8 Transactions with related parties...continuation

1. For the period ending December 31, 2023, the company Futuro Forestal, S.A. invoiced Waldmensen, S.A. for administrative services for a total of B/.905,034.
2. For the period ended December 31, 2023, the company purchased seedlings for planting from the related company Vivero Panamá Verde, S.A. for B/.672,475.52.
3. For the period ended December 31, 2023, the company lent Forestal Filo del Tallo, S.A. for purchase of property for B/.1,336,272
4. For the period ending December 31, 2023, the company loaned Fundación Bosques de Generaciones B/.10,000.

Note 9 Accounts payable suppliers

As of December 31, 2023 and 2022, the accounts payable suppliers are detailed as follows:

	2 0 2 3	2 0 2 2
Local suppliers	7,768	241,414
Total:	B/.7,768	B/. 241,414

The age of accounts payable suppliers is as follow:

	2 0 2 3	2 0 2 2
Current	7,768	241,414
Total:	B/.7,768	B/.241,414

Note 10 Other current liabilities

As of December 31, 2023 and 2022, the other current liabilities are detailed as follows:

	2 0 2 3	2 0 2 2
Social security payable	23,520	16,346
Salary to pay	1,304	1,072
Expense payable	187	=
Total:	B/.25,011	B/.17,418

Note 11 Accounts payable shareholders

As of December 31, 2023 and 2022, accounts payable to shareholders correspond to loans received to finance the company's investments. These balances do not generate interest and have no specific payment date.

	2 0 2 3	2 0 2 2
The Generation Forest eG (1)	20,285,398	16,029,669
Total:	B/.20,285,398	B/.16,029,669

(1) During the year 2023, the company received from its shareholders the sum of B/.4,255,729 as a loan to: cover the investment costs required in the planted areas.

Note 12 Other accounts receivable

As of December 31, 2023 and 2022, other accounts receivable are detailed as follows:

	2 0 2 3	2 0 2 2
Accounts receivable employees	2,475	314
Accounts receivable Aida Vergara	1,154	=
Accounts receivable Futuro Forestal, S.A.	=	7,878
Total:	B/.3,629	B/.8,192

Note 13 Subsequent events

During the months of February, March and April 2024, forest fires occurred that affected the following farms:

Farm No. 4516Nmx23 (Gatún 2): The loss in terms of seedlings is 3,000 units of the species Terminalia amazonia (Amarilla), which to date had been planted for 5 months and corresponds to 4.731 hectares.

Finca la Esperanza (Belgium) N°30359029: The farm has an area of 16.59 hectares, of which 4 hectares were affected. 2 hectares of the Cocobolo species and 2 hectares of the Laurel species.

Finca Nicanor 1336 and 1339: Affected area of farm N°1336, 36.65 hectares of Margarito Banda #1 and farm N°1339, 9.03 hectares of Margarito Banda #2.

Finca Tello 3 (3123): 73% of the plantation was affected by the fire, 13-65 hectares of which 10 hectares of the Teak, Oak, Mahogany, Cocobolo and Yellow species were affected.

Finca Los Containers (190371): This fire consumed 1.68 hectares.

As of the date of issuance of this financial statement, the company is in the process of determining the valuation of the affected plantations.