



MIRO

FORESTRY & TIMBER PRODUCTS

ANNUAL REPORT

2019

ABBREVIATED AND AUDITED
FINANCIAL STATEMENTS

MIRO IS PLEASED TO PRESENT ITS
2019 ANNUAL REPORT AND AUDITED
FINANCIAL STATEMENTS, OUR PRINCIPAL
COMMUNICATION TO STAKEHOLDERS

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CHAIRMAN STATEMENT



This will be my final report as Chairman of Miro, a position which I have held over the last 6 years. In the next few months I will be stepping down as Chairman.

Over the next few years, Miro will be developing and expanding its factory timber processing operations to convert its wood flows into finished product, building up revenue with a new customer base, ensuring good margins and profits, and then seeking an exit event and monetisation of the investment made by shareholders to date.

This journey needs a Chairman with a different set of skills, available time and, in particular, a deep knowledge of the wood products industry.

We are very fortunate in having found Sampsa Auvinen as our new Chairman. Sampsa is a Finnish national with over 25 years in the timber products industry including board experience of various large-scale and growing European timber products businesses.

Sampsa is ideally positioned to steer Miro, along with our formidable management team, as it grows and matures into a vertically integrated African plywood and timber products business.

We will announce the formal handover to Sampsa in a letter to shareholders in due course. I will

continue to remain on the Board for a period of time, as agreed between me, Sampsa and the rest of the Board.

I am delighted to report, following shareholder approval, that Miro has recently completed and closed a financing round raising US\$48 million of new capital into the Group. This capital is intended to fund Miro through to financial self-sufficiency. This is a key milestone in the history of Miro and the Board is extremely grateful to both existing and new shareholders for backing Miro in this new funding. In particular, it means that management will now be freed from the considerable amount of time and effort required for raising new capital to be able to focus more on the new and exciting operational issues around timber processing and product sales.

As I write this introduction to our annual report, the world is in the middle of an unprecedented global event, Covid19. Miro is operating in line with international and government guidelines and best practices for the control of the virus. The care of our staff is paramount. We continue to operate our plantations on a reduced basis but maintaining quality and safety standards. Our factory and timber trading is much reduced. The precise short and long term impacts of Covid19 on Miro are unknown.

However it is likely that some of our ambitions for 2020 will have to have extended timetables or be delayed. Nevertheless, we do envisage being able to maintain the quality and integrity of all our biological assets and infrastructure throughout.

I hope you enjoy reading this report and find it informative. It sets out the achievements of the past year and the plans for the future. The Company's success is due to our investors, our management and our staff. I would like to thank the former for their continuing support. The management and staff have shown immense commitment to the Company over many years, often overcoming challenging circumstances. 2019 has been no exception. On behalf of all shareholders and the board, I would like to thank them all.

A handwritten signature in dark ink, appearing to read 'R. Laing'.

Richard Laing, Chairman

MISSION

To develop and operate globally high-quality and cost competitive commercial forestry plantations producing plywood, sawn timber panels, poles and wood biomass sustainably to Forestry Stewardship Council™ (FSC™) standards whilst providing environmental, social and economic benefit to local communities.

VISION

Be Africa's leading forestry company based on shareholder value add, sustainability standards, environmental and social development benefits; with a passionate and determined team and supportive stakeholders.

VALUES

Be the Best:

We are determined to be the best vertically integrated, forestry and timber products business, in Africa.

Positive Impact:

We aim to make a positive impact through our operations, relationships and voluntary contributions. We aim to have a happy and engaging work environment where individuals take leadership and initiative to deliver the positive impacts of the Company.

Continuous Improvement:

We are committed to continuously improving the way we operate from a commercial, health and safety, environmental and social development perspective. We are determined to be the best in our field, by each individual taking ownership of business needs and striving to efficiently achieve long-term business objectives.

Integrity:

We are committed to conducting our operations with integrity and with respect for the many people, organisations and environments our business touches.

Miro's Sierra Leone plantation from the air



THE GROUP AT A GLANCE



Miro is a commercial forestry and timber products group operating in West Africa. We operate in Ghana and Sierra Leone and are focused on the production of plywood for the construction market (both regional and overseas), transmission poles for electrification and sawn timber panel products.

Currently, we operate over 16,000ha of sustainable plantations we have established ourselves with a team of approximately 2,000 people. We are expanding at a rate of 1,500 to 3,000ha per annum. Over the last two years we have developed initial pilot scale veneer, sawmilling and edge glue board production operations, and we will be greatly expanding this industrial timber products side of the business over the next few years as wood-flows from our plantations continue to mature and increase. Notably over 2020-2021 Miro intends to expand its veneer production line in Ghana with equipment and personnel to produce plywood. Thereafter, we intend to replicate the same in Sierra Leone, with our key mission being to develop into, principally, a vertically integrated plywood Group.

Miro operates to high environmental and social governance standards and is Forestry Stewardship Council (FSC) certified.

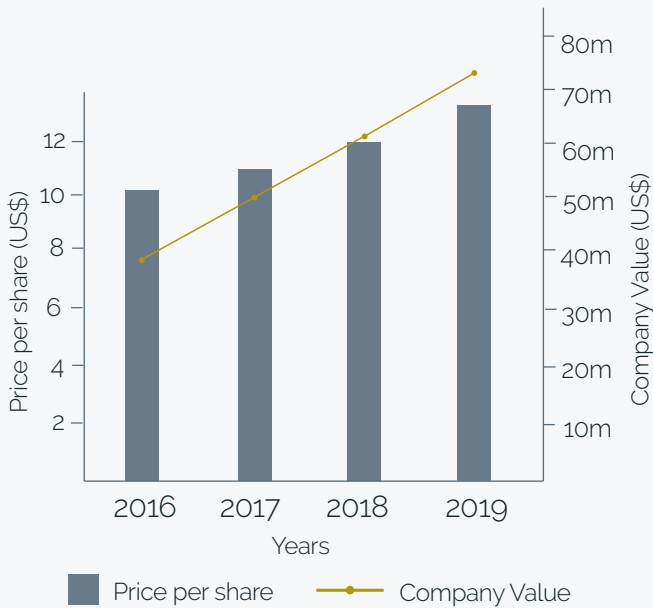
Land Holding

48,084 hectares
of which - Ghana: 20,835 ha
- Sierra Leone: 27,249 ha

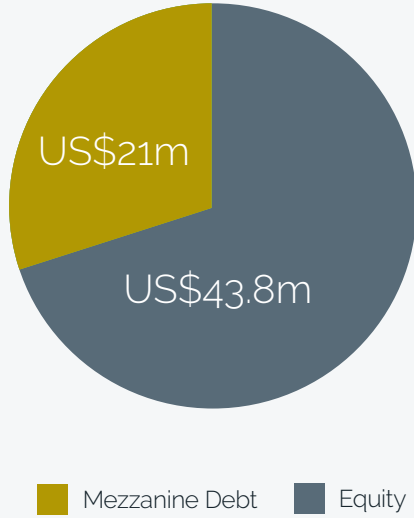
Plantation Forest Area

Established by year end: 15,601 hectares
of which - Eucalyptus: 8,502 ha
- Acacia: 2,423 ha
- Teak: 2,576 ha
- Gmelina 1,797 ha
- Pine, Other: 303 ha

Valuation and Financing



Total Invested Group Equity and Debt at Year End 2019





Investment and Commitments

- Private Investors: US\$2million
- Family Offices: US\$18million
- Institutional Investors¹: US\$96million

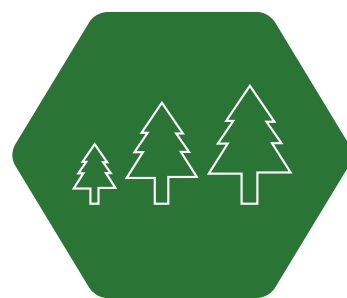


Key Data⁽²⁾

Year-End	2018(A)	2019(A)	2020(F)	2021 (F)	2025 (F)	2030 (F)
Hectares of Planted Standing Timber	12,950	15,601	17,533	18,710	24,502	30,287
Biological Asset Value (BAV) (US\$m)	\$40m	\$60m	\$82m	\$99m	\$197m	\$257m
Hectares Clearfell Harvested	-	141	68	824	1,613	2,498
Cumulative Investment ³ (US\$m)	\$53.3m	\$64.8m	\$89m	\$104m	\$113m	\$113m
Revenue (US\$m)	\$0.4m	\$0.5m	\$1.6m	\$11m	\$58m	\$123m
EBITDA (US\$m)	\$7m	\$6.2m	\$10m	\$11m	\$41m	\$59m
Valuation (US\$m)	\$85m	\$103m	\$120m	\$131m	\$193m	\$310m

1) Total investments and commitments as at publication (end-May 2020).
 2) Current estimate figures. Acronym (A) eg 2018 (A) denotes numbers are actuals realised. Acronym (F) denotes forecast.
 3) Includes all Group investment (into plantations and industrial operations).

ORGANISATIONAL OVERVIEW



FORESTS

TOTAL STANDING TIMBER VOLUME

INCREASED BY 99%
TO 351,808m³
AND OF WHICH
c30,000m³
IS PLANNED TO BE
FELLED IN 2020

PLANTED HECTARES

INCREASED BY 20%
TO 15,601 HECTARES
(OF WHICH 90%
PLANTED BY MIRO)

SPECIES MIX

EUCALYPTUS
8,502HA (54%)

GMELINA
1,797HA (12%)

ACACIA
2,423HA (16%)

TEAK
2,576HA (16%)

OTHER
303HA (2%)

BIOLOGICAL ASSETS

INCREASED BY
52% TO US\$60M

LAND HOLDING

48,084ha
HECTARES UP 11%

HARVEST VOLUME

9,326m³ UP 72%



TIMBER PRODUCTS MANUFACTURING

2,442m³ OF VENEER
PRODUCTION
96% SOLD DEEP SEA
EXPORT, 4% SOLD LOCALLY

EDGE GLUE BOARD,
START-UP IN LATE
2019, TO UTILISE SAWN
TIMBER THINNING, SALES
PROGRESSING WELL IN 2020

GHANA PLYWOOD FACTORY
TO BE CONSTRUCTED FOR
COMMISSIONING IN 2021



TIMBER PRODUCTS TRADING

12,000 UTILITY
TRANSMISSION POLES
CONTRACT WON FOR TRADING
POLES INTO SIERRA LEONE
(CONTRACT VALUE OF
US\$342/m³ CIF)¹

THIRD PARTY PLYWOOD SOLD
INTO WEST AFRICA FOR PRICES
BETWEEN US\$361 AND
US\$461/m³ CIF)

Note: All figures are as at year-end 2019. All comparisons are to prior year-end figures.

1). Delayed / at risk due to Covid-19 effects.



FINANCIALS

10% AVERAGE INCREASE IN SHARE PRICE OVER LAST SIX YEARS. START 2020 PRICE OF **US\$12.60/SHARE**

YEAR END COMPANY EQUITY VALUE OF US\$73 MILLION
A 67% PREMIUM OVER EQUITY INVESTED (A 13% PREMIUM OVER TOTAL MONEY INVESTED)



INTELLECTUAL VALUE

PLANTATIONS 100%
FSC CERTIFIED

FSC CHAIN OF CUSTODY
FOR KEY INDUSTRIAL OPERATIONS

MEMBERS OF INTERNATIONAL TREE-BREEDING R&D COLLECTIVE (CAMCORE)

RECRUITMENT OF KEY INDUSTRIAL AND HARVESTING SPECIALISTS



PEOPLE

OVER 800 INDIVIDUALS TRAINED

APPROXIMATELY 1,764
PEOPLE EMPLOYED INCLUDING 19% WOMEN

ACCESS TO MEDICAL CARE
FOR ALL EMPLOYEES

A FURTHER 274 PEOPLE
EMPLOYED THROUGH DIRECT CONTRACTORS



ENVIRONMENT

OVER 1,300,000 TONNES
OF ATMOSPHERIC CO₂
CUMULATIVELY SEQUESTERED

7,333 HECTARES UNDER ACTIVE CONSERVATION MANAGEMENT, AN **INCREASE OF 13%** OVER THE PRIOR YEAR



SOCIAL DEVELOPMENT

31 SOCIAL PROJECTS IN FOOD SECURITY, ACCESS TO WATER, EDUCATION, EDUCATION INFRASTRUCTURE AND INCOME GENERATION ESTIMATED TO BENEFIT MORE THAN 13,000 PEOPLE

OVER US\$95,000 SPENT ON COMMUNITY DEVELOPMENT

AN INCREASED FOCUS ON AGRICULTURAL PROJECTS, FOOD SECURITY AND COMMERCIAL SMALLHOLDER FORESTRY CREATING SUSTAINABLE ALTERNATIVE LIVELIHOODS

A MOVE TOWARDS **SUSTAINABLE AGRO-FORESTRY PROGRAMES** – COMMUNITY RICE FARMS, CASSAVA FIRE BREAKS AND BEE KEEPING

PROVISION OF **HEALTH SERVICES** TO EMPLOYEES AND HEALTH AWARENESS CAMPAIGNS FOR COMMUNITIES AND EMPLOYEES. INCLUDING PARTNERSHIPS WITH HEALTH CARE PROVIDERS AND NGO'S





"The only sustainable way to reduce the pressure to log natural forest areas for timber is the expansion of sustainable timber plantations"

COMPANY STATEMENT

FINANCING

We are pleased to report, following shareholder approval, that Miro has completed and closed a financing round raising US\$48 million of new capital into the Group. This capital is intended to fund Miro through to financial self-sufficiency.

This finance has been raised from new and existing stakeholders in Miro as redeemable preference equity, carrying a fixed dividend of 6% and approximately an equity upside via equity warrants, providing an overall c.70% equity like return. All Miro's existing mezzanine debt, carrying a 5% coupon and 2/3rds equity return upside, has been converted into such preference shares fully financing the group and reducing debt burden, though at corresponding cost.

Thus, the capital structure of Miro now consists of only ordinary shares and preference shares, with the Group being entirely debt free. This puts Miro in a strong financial position, without debt burden (but with the ability to leverage in due course) to expand timber processing activities and sales, developing to an exit event and cash-flow positive, whichever comes first.

This redeemable preference share financing does leave open the opportunity for Miro to raise funds from others on terms that align with the above over the next few months. Any such additional funds raised and approved by shareholders would equally reduce the US\$48 million total commitment from those subscribers, down to a minimum set amount. Miro does expect to raise such finance in the foreseeable future and this will be presented to

shareholders for approval.

It should be noted that the redeemable preference shares can be refinanced by Miro at any time should more appropriate and cheaper finance become available. It is managements expectation therefore, that the redeemable preference shares may well be refinanced in 3-5 years' time as other finance is expected to become available to Miro given that the Group's factories will then be of significant scale, generating revenue and margin.



Sawmilling, Sierra Leone

BUSINESS OPERATION UPDATE AND STRATEGY

Over the last years Miro has proven that it can operate fast growing timber plantations at large scale, producing high utilisable volume of timber at globally low cost. Miro has achieved this due primarily to a quality and rounded team, and tight management controls.

To date, Miro has established over 16,000 hectares of greenfield plantation, a small commercial scale sawmill, rotary veneer mill and charcoal production unit.

Miro is in the process of building a plant for the treatment of wooden electricity transmission poles, more drying kilns for this and an edge glue board facility. This has been achieved for a total Group investment to date of c.US\$67 million.

Plantation establishment and maintenance costs, and all ancillary overheads during this period have been c.US\$2,300/hectare, which is globally competitive for high yielding plantations.

Over the last two years Miro's plantations in Ghana and Sierra Leone have begun to reach maturity, with commercial harvesting operations having already commenced at notable scale.

Miro has therefore proven that it can manage the felling and log transport operations using equipment and systems that are scalable, as increasing volume of Miro's timber comes on-stream. Such timber flow will increase linearly to approximately 600,000m³ of round logs per annum across the Group.

TIMBER PRODUCTS PRODUCTION

Miro's strategic focus is to become a vertically integrated timber products business, with specific emphasis on plywood and transmission poles.

Having proven over the last decade that Miro can develop and operate high quality and globally cost competitive plantations, the company's focus has over the last two years shifted primarily toward the production of plywood.

PLYWOOD PRODUCTION

Wood veneer is the principal component part in the manufacture of plywood, forming the layers of wood that are glued together to create a finished plywood panel.

Over the last two years Miro has established and operated a veneer factory, peeling logs harvested from the company's plantation (principally eucalyptus species most suitable for veneer and plywood). Having designed, built and commissioned this factory Miro then increased production to a triple shift operation (22 hours per day) proving ability to consistently produce to standard.

Miro has been selling the resultant veneer worldwide (principally into Asia) direct to end customers and through a variety of traders including International Forest Products (a large global trader). Whilst the veneer market open to Miro is infinitely bigger than Miro's production capacity, now and in the future, it is nevertheless very important for Miro to incrementally extend this operation to instead produce plywood as the ultimate end-product.

This is because veneer is a component part in the manufacture of plywood and is a low margin product as a result and because of the expense of shipping the veneer, a high-volume low-value product, to other plywood producers, principally in Asia, for it only then to get converted into plywood before, most often, being returned westward. Therefore, it has always been Miro's intention,

having proved production and sales, to extend our veneer factory to include gluing and pressing to produce finished plywood, thus opening up sales channels direct to end users and an almost infinite global market (of 109 million m3 in 2018, or over US\$60 billion).



VISIT TO MIRO'S VENEER FACTORY BY THE PRESIDENT OF THE REPUBLIC OF GHANA, HIS EXCELLENCY NANA AKUFO-ADDO



The new financing that Miro has raised, as described above, will principally fund the development and scaling of Miro's plywood factories to meet plantation wood-flows. Miro has now completed the plywood factory designs and will soon commission the installation of the first plywood factory of 20-30,000m³ output per annum in Ghana which will be complete in 2021, subject

to the duration of Covid-19 restrictions. This will therefore entail extending Miro's existing veneer factory in Ghana to add gluing and pressing, to thus produce finished plywood for sale into the local and regional markets as well as for export. After the successful commissioning of this first factory in Ghana Miro will then replicate the same in Sierra Leone in 2021-2022.

PLYWOOD PRODUCTION PROCESS

1

Log yard/preparation

- The log yard is organised with Bell loggers used to handle and load logs.
- A cross-cut saw operation is used to cut logs to the required length (1.3m).



2

Peeling Section

In order to debark, peel and stack the "green" (undried) veneers, peeling lines consist of a de-barker, a spindleless lathe peeler and automated stackers. Miro will extend operations to have four such lines, each very similar to the current setup at the veneer mill, all from the same manufacturer.



3

Drying and Grading Section

Veneers must be machine-dried to 12% moisture content prior to gluing. In order to dry large volumes of veneers, two continuous roller dryers will be installed of 10 sections (double deck loading, single outfeed for grading). A hot oil boiler will also be installed to add the necessary heat requirement (c.5mkcal).



4

Panel preparation

Veneers are then glued, and the panels are manually composed on a lay-up / paving line – a continuous moving table on which the veneers are arranged in their final configuration (the face/back having been stitched where higher quality is required). The final composed panels are then cut to size at the end of the line and taken to the pressing section.



5

Core Pressing Section

Stacked panels are first cold-pressed – a large stack of 30-60 panels is collectively pressed in a 500 tonne press. Cold-pressed panels are then repaired (to improve the quality of the face and back of the panel, including puttying where necessary) and loaded individually into a multi-opening hot press (typically 15-20 openings per press), which applies further pressure, and heat which cures the glue. Hot-pressed panels are now considered "raw" or "core" plywood.



KEY



Existing operations



Operations in development 2020-2021

6

Sanding and Trimming Section

Core panels are then sanded to the required thickness using a double-head calibration belt sander, and are thereafter polish sanded, if required (e.g. for subsequent overlay), before edge trimming (to a 1.22 x 2.44m panel).



7

Overlay Section

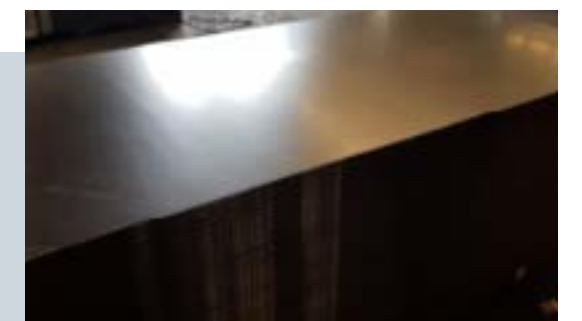
These core ply panels, if not sold as core, can then be overlaid with either a film-face layer, an aesthetic wooden face layer, or other overlay types (melamine paper, etc). This then requires one further hot press. Miro intends producing only film-face plywood, used for concrete formwork.



8

Packing, Dispatch and Sales/Trading

Panels are then graded, packed, strapped, stored and shipped to meet customer orders.



KEY

- Existing operations
- Operations in development 2020-2021

PERSONNEL AND TRADING

Having been operating Miro's existing veneer mill, Miro has already recruited a small team of experienced plywood professionals, who themselves have managed and operated plymills, in West Africa and Asia, significantly in excess of Miro's capacity in the next three years.

These plymills have utilised simple spindleless peeling technology originating in Asia identical to the veneer mill Miro has installed and operated and the plymills Miro is now developing. Miro will marginally add to this team as its plymills come onstream in Ghana and Sierra Leone over the course of 2021.

In addition to this group, the executives of Miro have now spent many years studying they plymill industry and have spent months travelling the world to see plywood factories and to understand customers and gather contacts, experience that is invaluable in now driving the business.

To further develop expertise and presence in the plywood market, in advance of installing plywood factories, Miro has started to trade plywood into the Ghana and Sierra Leone markets.

Miro has sold plywood into Sierra Leone (at US\$361-US\$461/m3 CIF) and in Ghana has sold veneer to other plywood producers and also commissioned plywood production using Miro veneer, the resultant plywood then being sold at US\$350-370/m3, thus demonstrating plywood prices expected by Miro.

Summary of Miro's plywood industry development progresses and next focus areas	
Achieved already	Next area of focus
✓ Developed and operated a significant veneer factory, to triple shift capacity	● Increase third party production of plywood from Miro veneers in Ghana
✓ Proven suitability of Miro's timber for veneer and plywood production and proved recovery rates.	● Purchase, install and commission plymill factories in Ghana and Sierra Leone.
✓ Developed an initial team of plywood and timber products industry and sales professionals.	● Expand team from existing candidate pool.
✓ Developed harvesting systems to deliver wood flows.	● Prove production qualities and capacities from these factories and improve team competence.
✓ Developed and proven initial sales channels particularly export logistics and cash management.	● Deliver overall group margin per cubic meter of plywood produced.
✓ Proven plywood price points.	● Take production to cash-flow positive for the factory unit with desired margin payback to the plantation and factory.
✓ Proven suitability of factory equipment selected.	



ELECTRICITY TRANSMISSION POLES

To maximise value, Miro is optimising utilisation alongside plywood by producing electricity transmission poles.

Miro has sold poles in Ghana, which were treated for Miro by a third party. In Sierra Leone Miro has commissioned the production of a 50,000 pole output per year pole treatment plant which will be installed in the summer of 2020.

In Sierra Leone Miro has also secured a tender to supply 12,000 poles (US\$750,000; or c.US\$350 CIF/ m3 before duties and clearing of c.US\$100/ m3).

We have now delivered over 3,000 of these poles, secured from a third party in South Africa whilst we await the commissioning of our own pole treatment facility, and we will continue to fulfil the order over the next three months (this trade is working capital positive for Miro, but is likely to be further delayed by Covid-19 restrictions).

This pole trade allows Miro to build market presence and reputation in Sierra Leone, prior to our own pole treatment facility coming on stream this year.

EUCALYPTUS POLES BEING LOADED FOR TREATMENT



ACACIA MANGIUM SAWN TIMBER BEING PROCESSED INTO EDGE GLUED BOARDS (EGB), SIERRA LEONE



OTHER PRODUCTS

In addition to Miro's core business focus on plywood, Miro also produces sawn timber, edge glue boards, electricity transmission poles and biomass. These products, whilst less material than plywood in the long-term, are produced to maximise utilisation of the plantation timber and value.

Having been producing sawn timber for two years, Miro is developing into higher value edge glue boards to maximise value from its Acacia mangium timber grown primarily in Sierra Leone due to soil and climatic conditions. During the European summer Miro has the facility to produce charcoal for the European BBQ market, and in Sierra Leone Miro has contracts to sell 600 tonnes per month of wood biomass (at c.US\$20/ tonne from the plantation; c.1,200m3) for bioenergy consumers.

EDGE GLUED BOARDS BEING FINISHED, FINGER JOINT PROFILE, FINISHED EGB, SIERRA LEONE



BIOMASS TIMBER ON ROADSIDE, SIERRA LEONE



VENEER EXPORT, GHANA



MOISTURE TESTING AND PLYWOOD PRODUCED FROM MIRO VENEER, GHANA





NURSERY AND RESEARCH & DEVELOPMENT

Miro's tree breeding research has continued throughout 2019, with increasing focus on the Company's clonal programme.

Over the past 4 years, Miro has been selecting the best performing trees from amongst its commercial blocks and placing these into clonal trials, alongside commercial clones imported into West Africa from other tropical countries.

Trees that demonstrate the best performance (our key criteria being rate of volume growth, stem straightness, disease/pest tolerance and minimal branching) are considered for commercial deployment. In 2020 we are aiming to plant 40% of our commercial programme using such clones, and will significantly increase this proportion over the next 3 years.

Clonal forestry requires rigorous nursery hygiene since clonal seedlings are less robust in the early stages of their lifecycle. Investment has and continues to be made into nursery infrastructure – greenhouses with climate control systems, water filtration upgrades, mother plant fertigation systems – to ensure that the Company's clonal ambitions can be realised.

Miro has always considered research and development to be of enormous long-term value. We will continue to make investments into germplasm (seeds and clonal materials) in order to widen the genetic base of our planting stock and ensure that we are testing new materials and developing new clones each year. In late 2019, we imported 97 eucalyptus and corymbia clones from Brazil, and 55 gmelina arborea clones from Venezuela – these will go into clonal trials during 2020 alongside the best of our own selections.



OPERATIONS SUMMARY

Miro has an excellent track record of establishing and managing good quality and cost complete plantations, all of which are FSC certified, with timber processing FSC chain of custody certified, to high ESG standards.

Miro's plantations are well located in economic reach of deep-sea ports thus making available the worldwide timber products markets. The wood-flow from Miro's maturing plantations is now on stream and will grow steadily over the next few years to a consistent peak.

Being vertically integrated, owning and controlling appreciating timber plantations, Miro has secure, sustainable and globally low-cost access to timber.

Miro has well established, though as yet small scale, timber processing operations including veneer production, with well-established domestic and international sales channels.

Miro also has a small but strong team of timber product production specialists, most notably with deep plywood knowledge, management and sales track records. Miro is therefore in a very good position to incrementally extend its factory operations into the production of plywood from 2020 onwards with markets, price points, and sales channels for plywood already proven, together with Miro's factory management and veneer production expertise.

HEALTH AND SAFETY

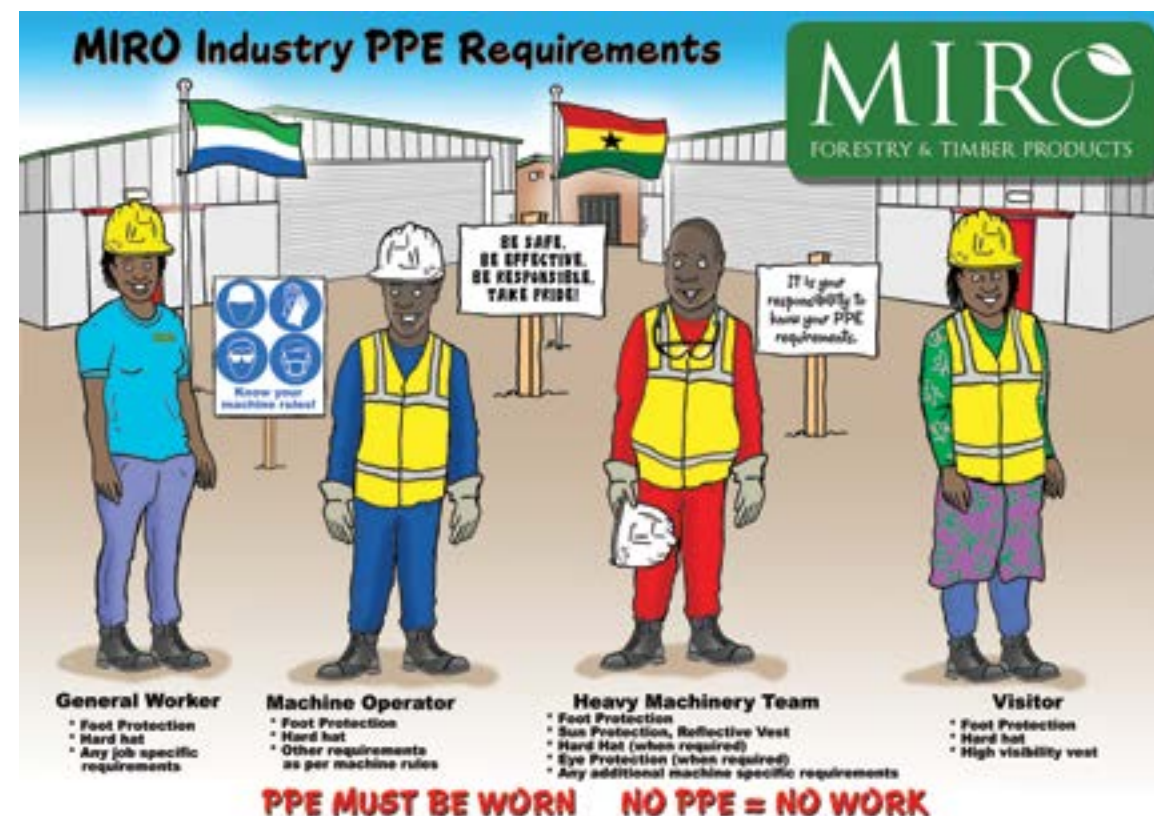
Unfortunately, despite the positive performance described above and the company's updated health and safety procedures, on 4th March 2020 the company had another fatal accident in Ghana (previous one reported in 2018 Annual Report).

Six people died in the accident. This accident occurred on a public road when a truck was returning from the field, lost control and rolled onto its side. Once again, the company and the authorities have conducted extensive investigations into the cause of the accident and found it to be a result of various factors particularly including driver error. The company has supported and continues to assist the families affected by every means possible.

Following the fatalities in early 2019 the company took many steps to improve its systems and equipment to reduce the risk of such an accident happening again. However it is evident, from the accident in 2020, that these steps were not enough.

Miro recognises that its main health and safety risk will continue to be road safety (followed closely by industry and harvesting operations) and therefore the company needs to increase its measures to address this risk. In 2020 the company will take various additional steps to ensure the safety of its employees, focusing on shifting the safety culture of the company. The table opposite illustrates planned actions including anticipated due dates.

Miro takes all Health and Safety breaches seriously; the Miro family is devastated by this loss of life. The company will do whatever it can to mitigate further incidents and believes the route depicted will close the evident gaps.



SYSTEMS & TRAINING



CAPACITY



SERVICING & INFRASTRUCTURE



2019

- Road Safety Management revamped to include lessons learnt from 2019 incidents.
- All drivers and heavy machinery operators trained by British trainer (1-week course).
- Fine tuning spot-check and audit mechanisms
- Campaign to improve safety culture, including workshops, signs and leaflets.
- Improved capacity in company workshops.
- Improved reporting, recording and procurement in relation to Health and Safety.
- Procurement of 16 DAF trucks as labour trucks (to replace former KIA trucks).
- Procurement and installing of roll bars.
- Improvement on tracking device monitoring and speed governing.

2020

- Various drives to improve safety culture across the company, including but not limited to the below:
- One-month training course for drivers and heavy machinery operators by renowned South African supplier (contracted).
- Critical review of Road Safety Management system by third party (as per critical review detailed below).
- Renumeration related safety key performance indicators (2H 2020).
- Integrated safety-related award scheme (i.e. team of the month) (2H 2020).
- Recruitment of new OHS Manager with particular forestry and road safety experience (underway, position to be filled within 1H 2020).
- Critical OHS industry, harvesting and road safety review by international experts (contracted and underway).
- Further workshop capacity development through recruitment and training (underway).
- Procurement of further 4 labour trucks (DAF and Iveco) (procured).
- Further upgrading of trucks, including additional roll over protection sourced directly from European suppliers (procured).
- Installation of new tracking system sourced from South Africa (procured).
- Installation of speed governing devices (procured).

SOCIAL/SMALL GROWERS

In early 2019, Miro signed agreements with IDH (the Sustainable Trade Initiative) and FMO (a development bank) for match grant funding for a three-year smallholder project in both Ghana and Sierra Leone.

The focus in 2019 was to build the foundations of the project by understanding the key considerations in developing a smallholder project particularly around social and cultural environments and the land rights situation. Local civil society and land tenure experts were engaged to provide guidance as the models were developed. The aim is to have demand driven project piloting a variety of smallholder models with 40hectares planted in each country in 2020 (subject to Covid-19 restrictions).

COMPLIANCE

Over 2019 the company again passed Forestry Stewardship Council (FSC) audits for both forestry management units, and for Chain of Custody in Ghana, and has maintained its operations to high environment and social standards.

Now with more industrial operations coming on stream, the company is working to ensure high standards of health and safety are maintained and to ensure that FSC certification is gained for all Miro's timber processing activities.



ENVIRONMENTAL & CARBON

As a plantation forestry company Miro is a significant net absorber of atmospheric carbon, developing new plantations on degraded and bare areas of land.

Miro has signed a commission agreement with South Pole, one of the largest traders in carbon credits, to certify Miro's plantations to the voluntary carbon standard (VCS) and then sell the resulting credits. As a result, Miro expects to sell approximately 700,000+ credits in the next 6-12 months followed by over 150,000 per year hereafter. The price of these credits is expected to be between Euro 2-4 or higher, thus delivering notable incremental revenue to the Group.

MIRO DRIVERS, SIERRA LEONE





DEVELOPMENT IMPACT IN SIERRA LEONE

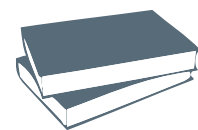
Miro attempts to measure the development impact from its activity in the local area. In 2019 Miro did a deep dive into the impact; this was done by following up on a comprehensive livelihood study that was originally conducted in 2014.

The results of the 2019 livelihood study found that Miro's investment in Sierra Leone, have multiple direct and indirect positive development impacts, as depicted below. Miro use the results of studies like this to enhance its CSR activities.



LIVELIHOODS

Job increase from less than 100 in 2014 to over 1,000 in 2019 increasing income and opportunities in the surrounding communities. From the local random sample of respondents, it revealed that 33% of household income is derived from employment with Miro. Additional to this, revenue from land leases provide a valuable income to communities.



EDUCATION

Dramatic improvement in education from 2014 to 2019, with an increase of 25% of households receiving first-time education and an increase of 9% more children receiving primary education.



HEALTH

Many of the respondents were recipients of company healthcare campaigns. There was a 53% decrease in respondents using traditional healers opting for local NGO hospitals instead.



HOUSING & ASSETS

Households owning tin or zinc roofs increased by over 30% and whilst general asset ownership remains low in the area households owning a mobile telephone almost doubled from 37% to 68%.



INFASTRUCTURE & WATER

Miro has rebuilt, rehabilitated and constructed new roads and bridges that provide access to both plantation areas as well as to local communities farms, markets and communal water wells. Households accessing potable water from a safe source increased from 2.4% to 30%.

Miro's positive impact on communities was ranked:

1. Employment opportunities
2. Land lease rent
3. Improved road network
4. CSR initiatives

2019 HIGHLIGHTS AND TARGETS FOR 2020

2019 HIGHLIGHTS

- Established a total of 3,019 hectares across the group, achieving target.
- Traded plywood into Ghana and Sierra Leone, demonstrating plywood price points in advance of Miro starting the installation of a plywood mill in Ghana in 2020.
- Secured a pole contract and started to trade poles into Sierra Leone thus proving pole price points and building a customer base in advance of Miro installing a pole treatment plant in Sierra Leone in 2020.
- Increased harvesting operations 72% across the group to a total of 9,326m³ in the year.
- Installed a veneer mill in Ghana from which 2,442m³ of veneer was produced in the year. With this factory the following was demonstrated:
 - Proved ability to convert Miro's timber into veneer with good recovery rate (>55%) and to a high quality acceptable for the veneer export market.
 - Exported veneer to Asia building up logistics knowhow and relationships with international wood trading groups, particularly including International Forest Products group.
 - Sold veneer into the local Ghana market further demonstrating veneer price points.
 - Plywood produced from Miro's veneer, in Asia and in Ghana, demonstrates that Miro's wood raw material is suitable for a broad spectrum of plywood types and qualities.
 - Miro increased production up to a triple shift operation operating 22 hours per day.



2020 OUTLOOK AND TARGETS

Clearly all targets in 2020 may be hampered by Covid19. However as at the time of writing management believe the goals set out below still remain realistic.

To date Covid19 has affected timber demand in Miro's markets but this has had limited effect on Miro given our small wood volumes. Price has also been affected but to a limited extent to date. Miro continues to operate in line with best practice and World Health Organisation standards with regard to Covid19, whilst continuing to develop and provide employment in a safe operating environment.

GROUP

- Already in 2020 Miro has closed new financing of US\$48 million to fully fund the Group.
- We expect to increase revenue across the group to c.US\$1 million this would then increase dramatically once the Group's first plywood mill is onstream in Ghana in 2021.

GHANA

- Miro's principal goal is to become a vertically integrated plywood producer. In 2020 we plan to proceed with the purchase, installation and commissioning of a plywood mill in Ghana with a maximum output capacity of 30,000m³ per annum of finished product. Once complete in 2021 this will be a major milestone in the development of the company as we produce our principal target finished product, plywood, for the first time in-house. This milestone will therefore complete the entire business model of Miro, to become a vertically integrated plywood business, proving seed to finished plywood product and hence cash.
- Established not less than 750ha in Ghana in the year. This is a reduced target compared with prior years when Miro established 1,500ha. However this reduced target was agreed upon to enable focus on closing the financing and the development of the plywood mill in Ghana in the year.
- Significantly increase the proportion of trees grown from clonal stock, commercialising the value of the significant investment the Company has made into tree-breeding and germplasm acquisition. We will also invest further into nursery infrastructure to ensure we can produce even more clonal material in 2021.



Miro landscape, Sierra Leone

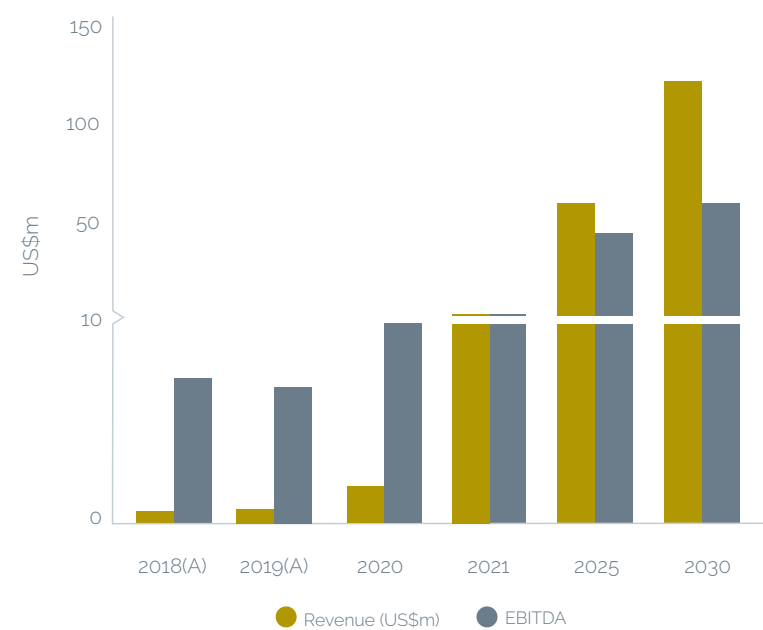
SIERRA LEONE

- Miro has commissioned the build of a utility pole, wood treatment facility of 50,000 pole output capacity. This is currently being constructed in the UK and is scheduled for shipping in mid-summer. It is intended that it will then be installed and commissioned in the second half of the year, with first pole sales commencing in 2021.
- As part of the assembly of the pole treatment plant, timber drying kilns will also be installed, which are currently being shipped from China. As well as treating poles, these will also assist in drying sawn timber for export and local sale, as well as for further value-add processing by Miro into edge glue boards (again for local and export sale).
- Miro will be improving its sawmilling and edge glue board production business unit to increase appropriateness and efficiency of sawmilling round-logs and the production of edge glue boards for export and sales into the local market. Which have successfully commenced.
- As in Ghana, Miro will be establishing not less than 750ha in Sierra Leone this year.
- As in Ghana, we aim to significantly increase the proportion of trees planted from clonal stock during 2020, and prepare for further increases in 2021.

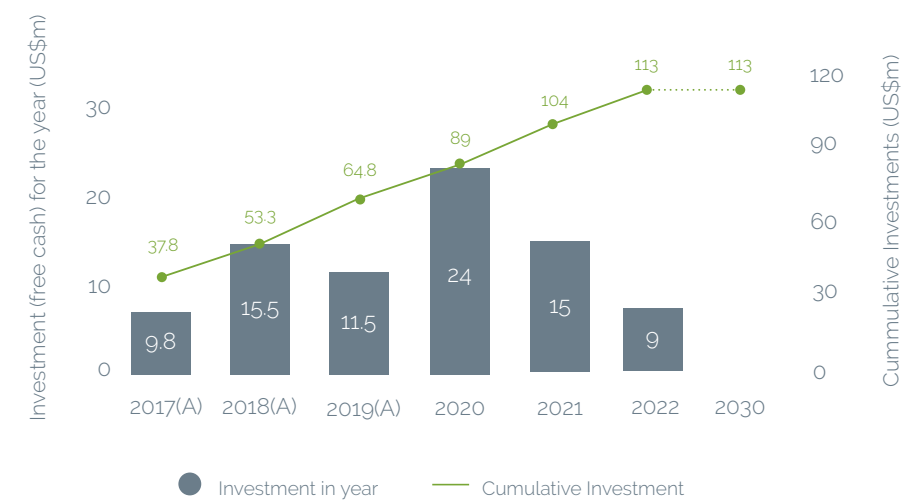
OUR PERFORMANCE

FINANCIAL METRICS

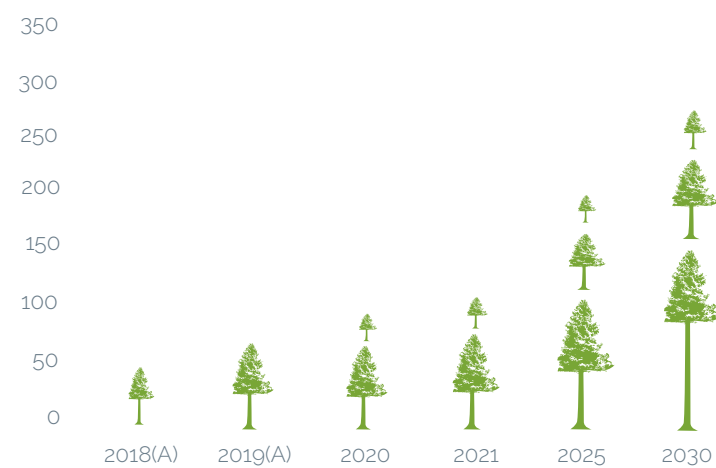
REVENUE AND EBITDA (US\$m)



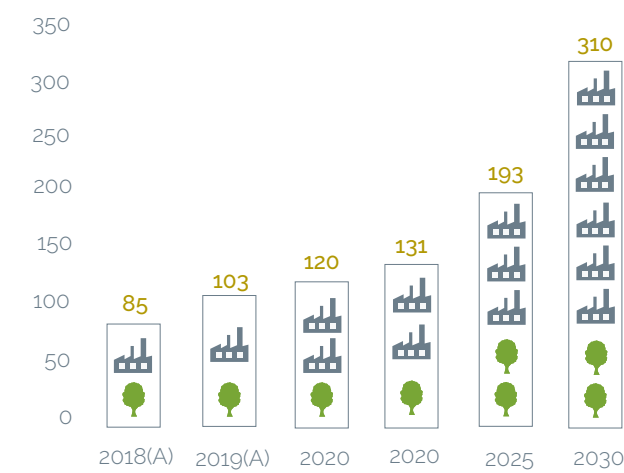
INVESTMENTS (US\$m)



BIOLOGICAL ASSET VALUE (BAV)



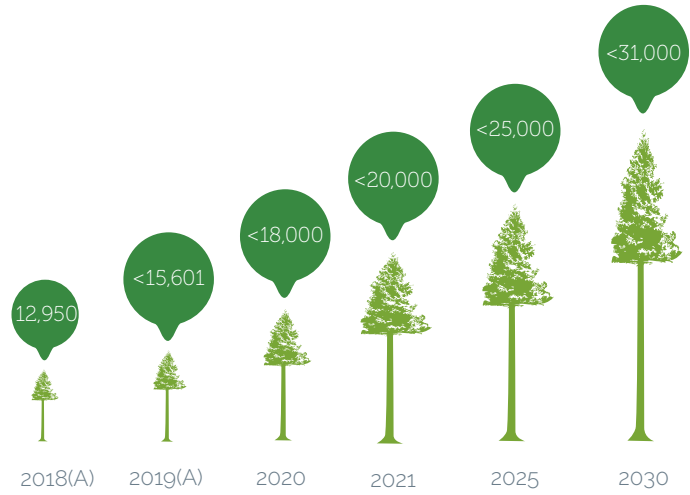
GROUP VALUATION (US\$m)



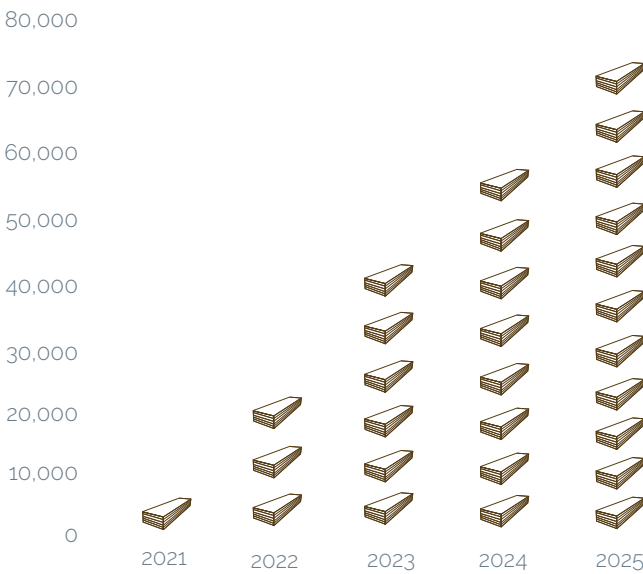
Note: 2020 figures onwards are estimates only.

OPERATIONAL

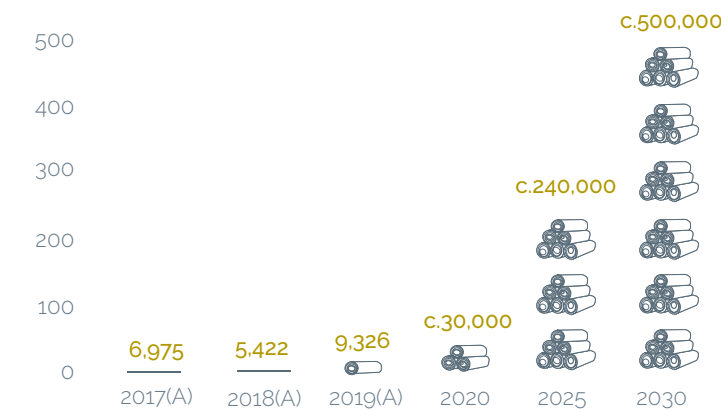
STANDING TIMBER (HA)



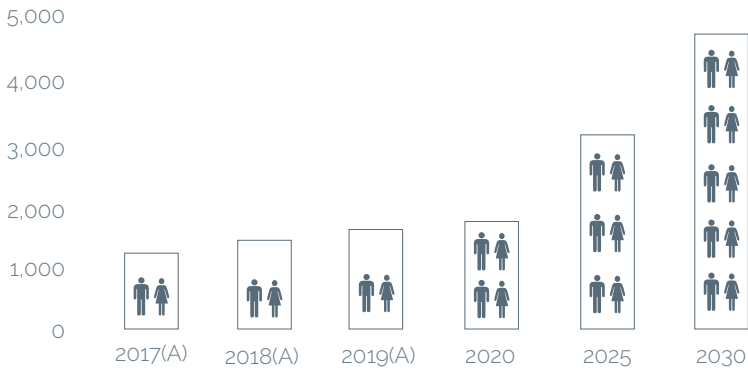
VOLUME OF PLYWOOD PRODUCED



VOLUME OF TIMBER HARVESTED ('000 m³)



EMPLOYEE HEADCOUNT*



* Includes casual labour

OUR PEOPLE AND COMMUNITIES

Investing in our people and communities helps us to ensure the long-term sustainability of our business. To be the largest sustainable forestry company in West Africa we need a talented, motivated and resilient workforce.

 19%

workforce is female, empowering females in rural Africa. Constantly working to enhance gender balance in the workforce.

2% annual increase in women



Where requisite skills and experience exist Miro always recruits locally in preference to nationally or from overseas. Only 3% of permanent employees are expatriate



Access to medical cover, partnerships with medical service providers, maternity and compassionate leave for all employees



Specialised teams receiving regular training



100%

of employees and contractors supplied with PPE – NO PPE=NO WORK

Annual Health and Safety campaigns reaching approximately

2,000 people

Aiming to build an independent safety culture, based on international Health and Safety standards.

In the course of 2019

1,764



people employed (FTE)

61%

of direct employees come from within 30km of site

over 10,580

people sustainably supported by Miro's employment (typically 6 people are supported by each Miro employee)

>13,000

estimated number of people that have benefited from our community development programs



7

school blocks built

14

Potable water projects



US\$ >95,000

directly invested into community projects in 2018



over 800

people trained by Miro in forestry, vocational and business skills

Access to an international standard Grievance resolution mechanism for all workers and community members. Ensuring all employees and stakeholders can easily report possible compliance violations through an accessible grievance mechanism and confidential whistleblowing policy.



CONSERVATION & ENVIRONMENT

over 17.5 million
trees planted by Miro to date



over 7,333
ha of managed
conservation area

over 1,300,000
net tonnes of atmospheric
carbon dioxide equivalent (tCO₂e)
sequestered by Miro's plantations

over 15,600
ha of sustainable forest
land developed and
managed by Miro



This will produce over 2.5
million cubic metres of
sustainable timber (timber
that may otherwise be
cut unsustainably from
indigenous forests)





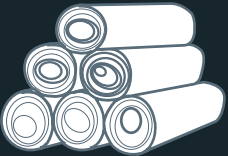
ECONOMIC IMPACT

c.US\$5.1million
(c.49% of 2019 budget)

has directly benefited the immediate local economy around the company's plantations (on salaries and the procurement of goods and services).

2,442m³

of veneer products sold into the local and export market over 2019 (in addition, construction timber sawn timber, tounge and groove ceiling boards and doors also sold).



100% substituting
unsustainable
timber and imports.

c.US\$197,000

paid for land rent,
government taxes and fees
in the year

152 tonnes

of sustainable charcoal
produced, reducing
pressure for unsustainable
production.

242km

of new roads built
by the company.

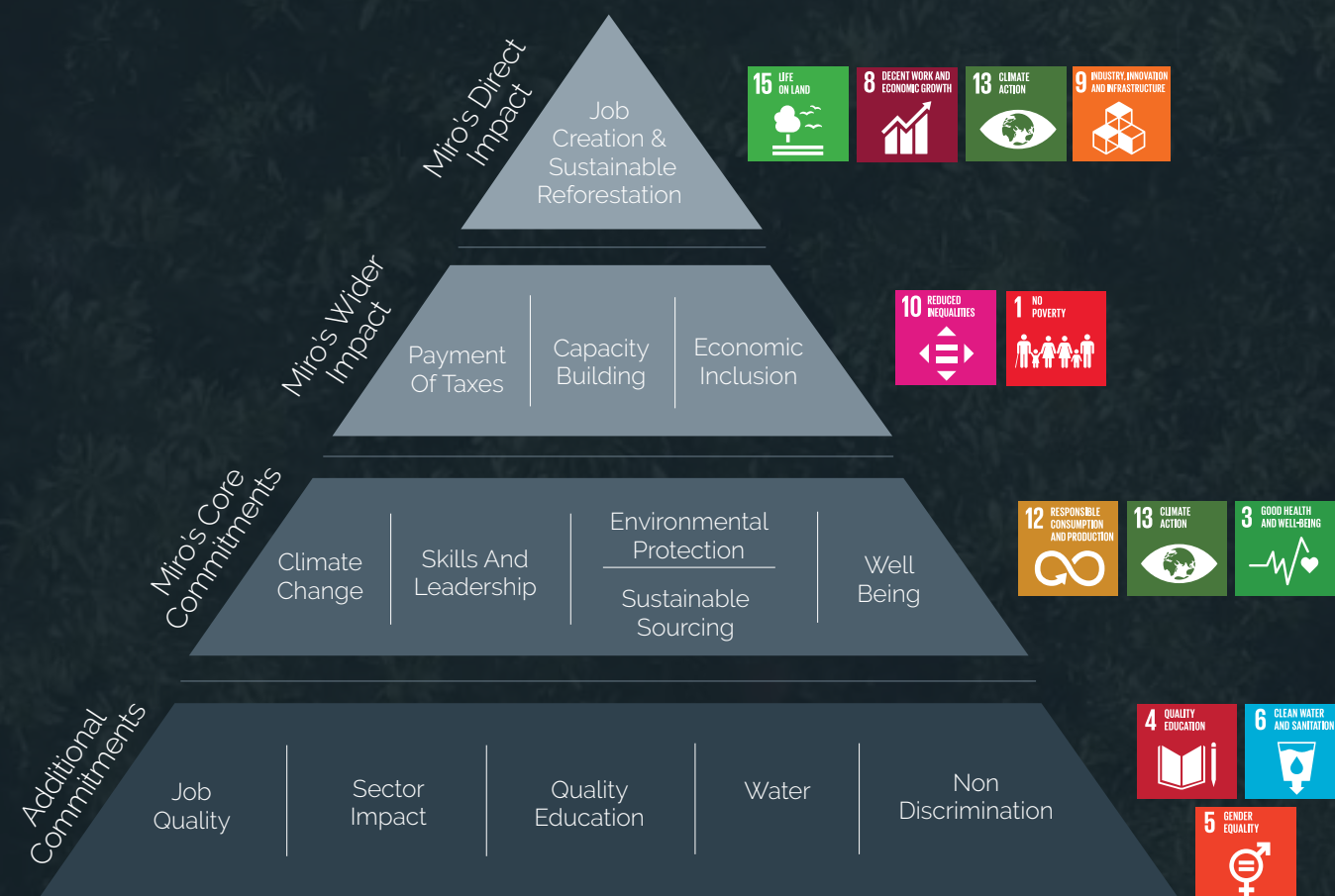


US\$60million

biological asset value (current value of the plantations)

CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS

Miro measures its impact against the most applicable SDG's



2019 GROUP CONSOLIDATED ABBREVIATED AND AUDITED FINANCIAL STATEMENTS

MIRO FORESTRY DEVELOPMENTS LIMITED

Consolidated Statement of Comprehensive Income

For the Year Ended 31 December 2019

	Year ended 31 December 2019 US \$	Year ended 31 December 2018 US \$
Revenue	499,286	380,780
Cost of sales	(1,245,830)	(459,437)
Gross (loss) / profit	(746,544)	(78,657)
Fair value gains	13,258,327	14,166,032
General, administrative and selling expenses	(7,985,842)	(8,396,361)
Operating loss	4,525,941	5,691,014
Other income	176,987	182,652
Finance costs	(1,373,314)	(2,577,896)
Profit / (loss) before tax	3,329,614	3,295,770
Taxation	809,971	-
Profit / (loss) for the year	4,139,585	3,295,770
Other comprehensive income	-	-
Total comprehensive income	4,139,585	3,295,770
Profit for the year attributable to:		
Owners of the parent	4,139,585	3,295,770
Total comprehensive income attributable to:		
Owners of the parent	4,139,585	3,295,770

MIRO FORESTRY DEVELOPMENTS LIMITED

Consolidated Statement of Financial Position

As at 31 December 2019

	2019 US\$	2018 US\$
Non-current assets		
Right of use assets	1,776,450	-
Property, plant & equipment	4,189,890	3,253,110
Biological assets	60,219,397	39,752,241
Investments	-	-
	<u>66,185,737</u>	<u>43,005,351</u>
Current assets		
Trade and other receivables	1,785,790	1,343,891
Inventory	1,227,970	762,797
Cash and cash equivalents	927,486	3,352,486
	<u>3,941,246</u>	<u>5,459,174</u>
Total assets	<u><u>70,126,983</u></u>	<u><u>48,464,525</u></u>
Equity		
Share capital	5,781,211	5,133,326
Share premium	35,748,441	28,234,729
Share options	3,073,229	3,880,813
Retained losses	(3,826,467)	(9,575,166)
Total equity	<u>40,776,414</u>	<u>27,673,702</u>
Current liabilities		
Lease liabilities	225,408	-
Short term borrowings	3,038,276	-
Trade and other payables	1,164,898	936,455
	<u>4,428,582</u>	<u>936,455</u>
Non-Current liabilities		
Lease liabilities	1,481,575	-
Loans and borrowings	23,440,412	19,854,368
Total liabilities	<u>29,350,569</u>	<u>20,790,823</u>
Total shareholders' fund and liabilities	<u><u>70,126,983</u></u>	<u><u>48,464,525</u></u>

MIRO FORESTRY DEVELOPMENTS LIMITED

Consolidated Statement of Changes In Equity

For the Year Ended 31 December 2019

	SHARE CAPITAL US\$	SHARE PREMIUM US\$	SHARE OPTIONS US \$	RETAINED EARNINGS US \$	TOTAL US\$
Balance at 1 January 2018	4,302,773	19,098,649	2,729,201	(12,870,936)	13,259,687
Profit for the year	-	-	-	3,295,770	3,295,770
Other comprehensive income	-	-	-	-	-
Total comprehensive Income for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,295,770</u>	<u>3,295,770</u>
Issue of shares	830,553	9,136,080	-	-	9,966,633
Share options expense	-	-	1,151,612	-	1,151,612
Total transactions with owners, recognised directly in equity	<u>830,553</u>	<u>9,136,080</u>	<u>1,151,612</u>	<u>-</u>	<u>11,118,245</u>
Balance at 31 December 2018 and 1 January 2019	<u>5,133,326</u>	<u>28,234,729</u>	<u>3,880,813</u>	<u>(9,575,166)</u>	<u>27,673,702</u>
IFRS 16 restatement	-	-	-	139,718	139,718
Restated Balance at 1 January 2019	<u>5,133,326</u>	<u>28,234,729</u>	<u>3,880,813</u>	<u>(9,435,448)</u>	<u>27,813,420</u>
Profit for the year	-	-	-	4,139,585	4,139,585
Other comprehensive income	-	-	-	-	-
Total comprehensive Income for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,139,585</u>	<u>4,139,585</u>
Issue of shares	479,104	5,555,852	5,555,852	-	6,034,956
Share options reserve transfer	-	-	-	1,469,396	-
Founder warrants exercised	168,781	1,957,860	1,957,860	-	2,126,641
Share options expense	-	-	-	-	661,812
Total transactions with owners, recognised directly in equity	<u>647,885</u>	<u>7,513,712</u>	<u>(807,584)</u>	<u>1,469,396</u>	<u>8,823,409</u>
Balance at 31 December 2019	<u><u>5,781,211</u></u>	<u><u>35,748,441</u></u>	<u><u>3,073,229</u></u>	<u><u>(3,826,467)</u></u>	<u><u>40,776,414</u></u>

MIRO FORESTRY DEVELOPMENTS LIMITED

Consolidated Statement of Cash Flows

For the Year Ended 31 December 2019

	2019 US\$	2018 US\$
Operating activities		
Operating profit / (loss)	4,525,941	5,691,014
Adjustments for:		
Share based payments	2,788,453	1,151,612
Depreciation and impairment of property, plant and equipment	1,534,734	1,303,725
Fair value gains	(13,258,327)	(14,166,032)
Other income received	176,987	182,652
Exchange differences	(1,313)	5,648
Loss on disposal of property, plant and equipment	290	40,145
Operating cash flow before movement in working capital	(4,233,235)	(5,791,236)
Changes in working capital		
Decrease/(Increase) in receivables	368,072	(998,871)
(Increase) / Decrease in inventory	(465,174)	128,785
Increase in payables	263,401	253,666
Net cash outflow from operating activities	(4,066,936)	(6,407,656)
Investing activities		
Purchase of property, plant and equipment	(2,527,072)	(1,477,169)
Biological assets acquired	(7,223,363)	(4,446,916)
Investments in subsidiaries	-	-
Net cash outflow from investing activities	(9,750,435)	(5,924,085)
Financing activities		
Proceeds from issue of share capital	6,000,000	9,966,633
Proceeds of sale of property, plant and equipment	55,268	34,567
Repayment of lease liabilities	(162,897)	-
Increase in short term borrowings	3,000,000	-
Increase in borrowings	2,500,000	5,592,149
Net inflow from financing activities	11,392,371	15,593,349
(Decrease) / Increase in cash and cash equivalents	(2,425,000)	3,261,608
Analysis of changes in cash and cash equivalents during the period		
Balance at 1 January	3,352,486	96,775
Effects of exchange rates	-	(5,897)
Increase / (Decrease) in cash and cash equivalents	(2,425,000)	3,261,608
Balance at 31 December	927,486	3,352,486
Analysis of cash and cash equivalents		
Cash and bank balances	927,486	3,352,486



Miro, Sierra Leone, from the air



Miro Sierra Leone. Wetland smallholder farming of rice (in foreground), conservation area, and gmelina plantation (in background).



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