MIRO FORESTRY DEVELOPMENTS LIMITED

REGISTERED NUMBER: 09361425

REPORT AND GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2021

MIRO FORESTRY DEVELOPMENTS LIMITED

CONTENTS

MIRO FORESTRY DEVELOPMENTS LIMITED

COMPANY INFORMATION

Directors	Sampsa Auvinen Richard Laing (Resigned 22nd April 2021) Andrew Collins Charles Bosworth (Resigned 10th October 2022) Keith Alexander (Resigned 22nd April 2021) Ilkka Norjamäki Jacob Logothetis (Resigned 28th May 2021) Robert Dovlo Ross Barlow (Appointed 23rd February 2021) Benjamin Johnston (Appointed 28th May 2021) Florence Laloe (Appointed 13th September 2021) Andries Smith (Appointed 22nd April 2021) Afshin Ghassmi (Appointed 20th April 2022, Resigned 10th October 2022) Jonathan Kirby (Appointed 10th October 2022)
Secretary	Clyde & Co The St. Botolph Building 138 Houndsditch London EC3A 7AR United Kingdom
Registered office	Miro Forestry Developments Limited The St. Botolph Building 138 Houndsditch London EC3A 7AR United Kingdom
Solicitors	Clyde & Co The St. Botolph Building 138 Houndsditch London EC3A 7AR United Kingdom
Auditors	PKF Littlejohn LLP 15 Westferry Circus Canary Wharf London E14 4HD United Kingdom
Bankers	Barclays Bank Plc. 1 Churchill Place London E14 5HP United Kingdom

MIRO FORESTRY DEVELOPMENTS LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present their strategic report on the Group for the year ended 31 December 2021.

Principal activity

Miro Forestry Developments Limited is a commercially focused and sustainable forestry business centred in West Africa. The Group operates forestry plantations in Ghana and Sierra Leone planting a mix of fast-growing trees for the production of solid wood products including sawn timber, utility transmission poles, plywood, wood biomass and charcoal for both local and international markets.

The Group integrates protection and regeneration of biodiversity, and environmentally sustainable land use management, into its commercial forestry operations. The Group aims to be a leading, commercial and sustainable plantation business operating to high management, social and environmental standards.

Section 172(1) Statement - Promotion of the Company for the benefit of the members as a whole

The Director's believe they have acted in the way most likely to promote the success of the Group for the benefit of its members as a whole, as required by s172 of the Companies Act 2006.

The requirements of s172 are for the Directors to:

- Consider the likely consequences of any decision in the long term,
- Act fairly between the members of the Group,
- Maintain a reputation for high standards of business conduct,
- Consider the interests of the Group's employees,
- Foster the Group's relationships with suppliers, customers and others, and
- Consider the impact of the Group's operations on the community and the environment.

The Group operates as a forestry plantation and timber products business which, due to its stage of development, is dependent upon fund-raising for its continued operations. The scale-up nature of the business is important to the understanding of the Group by its members, employees and suppliers, and the Directors aim to be as transparent about the cash position and funding requirements as possible.

The application of the s172 requirements can be demonstrated in relation to some of the key decisions made during 2021:

- Conclusion of additional financing to fund the business through to cash flow positive instead of taking on further debt without clarity on future funding.
- Amendment of remuneration of key management with long term Growth shares to more fully align the interests of Management with those of the members whilst also maximising cash to use operationally.
- Continuation of the reduced plantation planting rate for 2021 of 1,000 hectares per country per year, down from 1,500 hectares per country per year in 2019, to ensure industrial operations are prioritised and cash is utilised primarily on cash generative activities.
- Operating in terms of best environmental, social and governance practice in relation to all our stakeholders and the environment, most notably in accordance with the Forest Stewardship Council principals.

As a forestry plantation and timber products Company operating in West Africa, the Board takes seriously its ethical responsibilities to the communities and environment in which it works. We abide by the local and relevant UK laws on anti-corruption & bribery. Wherever possible, local communities are engaged in the silvicultural operations and support functions required for field operations, providing much needed employment and wider economic benefits to the local communities. In addition, we follow international best practise on environmental aspects of our work. Our goal is to meet or exceed internationally accepted standards, in order to ensure we obtain and maintain our social licence to operate from the communities with which we interact.

The interests of our employees are a primary consideration for the Board. Employees' annual objectives are aligned to Group objectives through performance bonus schemes as well as employee share schemes to encourage employees' participation in the Group's performance. Employees are given the opportunity to develop and progress according to their ability and training is provided where management believe the value of an individual to the Group can be significantly improved by such training. The Group has a grievance and whistleblowing procedure whereby employees and all other stakeholders including community members can anonymously, and without reprimand, raise any concerns or violation of the Group's legal, ethical, or policy obligations.

Review of the business

The table below summarises the Group's land holding, plantation establishment position and the number of permanent employees at year end 2021.

Year end 2021 summary	**Holding Company**	**Boumfoum Plantation, Ghana**	**Yoni Plantation, Sierra Leone**	**Total**
Land under leasehold (Hectares)	-	24,132	28,203	52,335
Planted Land (Hectares)	-	10,495	8,725	19,220
Approximate No. Trees Planted (in millions)	-	13	10	23
Permanent Employees (at year-end)	4	534	598	1,136
Plywood Production (m^3)	-	1,840	-	1,840
Year end 2020 summary				
Land under leasehold (Hectares)	-	22,887	27,407	50,294
Planted Land (Hectares)	-	9,700	7,578	17,278
Approximate No. Trees Planted (in millions)	-	12	9	21
Permanent Employees (at year-end)	4	483	539	1,026

In addition to permanent employees, the Group also uses casual labour to cover seasonal work requirements. Inclusion of casual labour would take total employee numbers to 2,536 (2020: 1,670) at the year end.

Highlights during the 2021 reporting period include:

- Planted a total of 1,153 hectares in Ghana and 1,101 hectares in Sierra Leone. This takes the total area of plantation established by the Group to 19,220 hectares;
- Maintained Forest Stewardship Council (FSC) certification;
- Achieved the expansion of Group plantations to high quality (and thus high tree growth rates and survival) and within budget (the Group's total development costs are some of the lowest in sub-Saharan Africa);
- Continued to focus on research and development into best performing tree genetic stock, making significant and valuable progress towards improving tree growth performance;
- Expanded production capacity of edge glued boards, from which volumes, and hence turnover, can be built going forward; and
- Completed and commissioned a large plymill to advance the value added timber processing and begin generating significant cashflow.

Further discussion is included in the directors' report in relation to future developments within the Group.

Biological asset value

Biological asset value (BAV) for the Group was US $65.1m (2020: $58.2m) (see note 10 to the financial statements). The BAV methodology, which is industry standard and fully compliant with IFRS, takes into account expected wood flows, forecast using growth models developed by the Group based on enumerated volumes to date and typical species models developed internationally.

As a matter of course all parameters in the BAV calculation are reviewed each year in the light of plantation and business developments and it should be expected that further valuation changes may occur.

Whilst the biological asset valuation provides an accounting fair value of the current plantation, it does not represent the long-term value of the Group. The long-term value of the Group would take into account this fair value of the current rotation, but also subsequent rotations and other factors such as the research and development investment by the Group. This exceeds the biological asset valuation and should be noted when considering the Group value and Company investments.

Corporate social responsibility

Core to the Group's vision and values is maintaining its position as a socially and environmentally responsible business. At year-end 2021 the Group employed staff (including casual labour) paying a significant percentage above national minimum wages and was the largest employer in the areas of operation. The employment created by the Group as well as contribution made to educational projects has benefited local communities around Group plantations. The Group intends to build upon this in 2022.

Business Integrity

Miro Forestry Developments Limited policy is to comply with all applicable laws, rules, and regulations in all countries where it operates. The Group publishes all its policies on its website (www.miroforestry.com) and communicates them to employees. All stakeholders are encouraged to raise concerns about compliance, ethics and business conduct if they arise. The Group has a zero-tolerance approach to corruption. The Group conducted anti-corruption and whistleblowing policy awareness trainings with all of its employees in 2021. The policy stipulates that employees will not face or be reprimanded if they report in good faith a violation or suspected violation of the Group's legal, ethical, or policy obligations.

Commitment to International Standards

During 2021, the Group maintained the Forest Stewardship Council (FSC) certification. The Group also operates in alignment with the International Finance Corporation's Performance Standards (IFC-PS) and International Labour Organisation (ILO) standards.

Principal risks and uncertainties

The Group is exposed to risks and uncertainties for which the Directors implement mitigating policies to reduce the impact upon the operations. The principal risks and uncertainties are set out below.

Political risk
The Group's operations are located in foreign jurisdictions and as a result, the Group is subject to political, economic and other uncertainties, including but not limited to, changes in policies or the personnel administering them, terrorism, nationalisation, appropriation of property without fair compensation, cancellation or modification of contract rights, foreign exchange restrictions, currency fluctuations, export quotas, tax increases and other risks arising out of foreign governmental sovereignty over the areas in which these operations are conducted, as well as risks of loss due to civil strife, acts of war, guerrilla activities and insurrection.

The Group mitigates this risk by employing a well-qualified team with wide skill sets to navigate local and national political environments while adhering to global standards of governance and ethics. The Group adheres to all local laws and regulations and pays regard to local customs.

Competition risk
The Group is one of the lowest-cost timber producers in sub-Saharan Africa and it will continue to ensure that the business operates efficiently in order to remain a low-cost producer compared with competitors. If in the event the low-cost nature of our business could not be maintained, there is a risk that both our marketability and profitability will diminish.

Fraud and corruption
The Group has a clear Chart of Authorities and relevant internal controls, ensuring checks and balances are in place. The Company and its local subsidiaries are subject to annual audit. Regular inspection of transactions and contracts of significant levels of materiality are undertaken. The Group operates a zero-tolerance approach to corruption. Whilst, very occasionally, this can inhibit operations, the Group has the scale and relationships to overcome such factors. If these controls failed, the group is at risk of fraud and corruption through unauthorised transactions which could lead to losses.

Agricultural/Environmental risks
The Group is exposed to environmental risks which could inhibit operations. The Group manages the risk of fire, pests, diseases and theft through prevention (by laying out plantations and infrastructure to mitigate the risk of for example, fire spread), awareness, training, monitoring, research and development (by planning a range of pest and disease resistant species), and incentive alignment. The Group currently does not insure the plantations against the risk of fire as this is cost prohibitive, although this is periodically reviewed. The Group plants a range of genus, ensuring that inherent pest and disease risk is ameliorated. The Group employs sound forestry practices (silviculture) to ensure quality plants, nursery and plantation hygiene, and is developing its tree-breeding strategy to ensure it can breed disease and pest tolerant genetic materials. The Group engages with the Forestry and Agricultural Biotechnology Institute, "FABI", of the University of Pretoria, a leading institution in pest and disease control, in order to stay abreast of pest and disease issues and to limit risk as far as possible.

Financial risks
Refer to note 3.2 for the principal financial risks.

Principal risks and uncertainties (continued)

Key performance indicators

Key performance indicators are disclosed in the Review of the Business section above.

By Order of the Board

Andrew Collins
Director

18th November 2022

MIRO FORESTRY DEVELOPMENTS LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present herewith the financial statements of the Group and Company for the year ended 31 December 2021, and report thereon as follows:

Results and dividends

The loss of the Group after taxation for the year ended 31 December 2021 amounted to $12,394,592 (2020: $19,695,188). This result was principally due to change in the fair value losses of the Group. Excluding these fair value losses, the loss for the Group for the year ended 31 December 2021 was $11,339,605 (2020: $10,180,309).

The Directors do not propose the payment of a dividend (2020: $nil).

Directors

The Directors, who served during the year, and their respective shareholdings were as follows:

Director	Ordinary Shareholding
Sampsa Auvinen	0.15%
Richard Laing (Resigned 22nd April 2021)	0.34%
Andrew Collins	5.12%
Charlie Bosworth	2.34%
Keith Alexander (Resigned 22nd April 2021)	0.08%
Ilkka Norjamäki	0.00%
Jacob Logothetis (Resigned 28th May 2021)	0.00%
Robert Dovlo	0.00%
Ross Barlow (Appointed 23rd February 2021)	0.00%
Benjamin Johnston (Appointed 28th May 2021)	0.00%
Florence Laloe (Appointed 13th September 2021)	0.00%
Andries Smith (Appointed 22nd April 2021)	0.00%

Going concern consideration

The Group is a plantation forestry business, establishing new plantations, and is in the eleventh year of operations. The Group is still in its development phase and is currently making losses before fair value losses and has operational cash outflows. The net loss before fair value losses for the year ended 31 December 2021 amounted to US $11.3m and its total assets exceeded its total liabilities by US $9.8m.

The financial statements are prepared on a going concern basis, which assumes the Group will continue to operate. This assumption has been based on the successful fundraise on 4 October 2022 and managements' expectations that the finance raised will allow the group to meets its liabilities as they fall due for a period of at least 12 months from the date of signing of these financial statements. See Note 3(a) for further discussion.

Employees

Employees are kept well informed of the performance and objectives of the Group through established methods of personal briefings and regular meetings. Employees' annual objectives are aligned to Group objectives through performance bonus schemes as well as employee share schemes to encourage employees' participation in the Group's performance. Employees are given the opportunity to develop and progress according to their ability and training is provided where management believe the value of an individual to the Group can be significantly improved by such training.

The Group provides the disabled full and fair consideration for all job vacancies for which they offer themselves as suitable applicants, having regard to their particular aptitudes and abilities. With regard to any existing disabled employees and those who may become disabled during the year, the Group examines ways and means of providing continuing employment under normal terms and conditions and provide training, career development and promotion, where appropriate.

The Group has a grievance and whistleblowing procedure whereby employees and all other stakeholders including community members can anonymously, and without reprimand, raise any concerns or violation of the Group's legal, ethical, or policy obligations.

Financial risk management objectives

See note 3.2 to the financial statements for a description of the Group's financial risk management objectives.

Future Developments

Miro Forestry Developments Limited is well organised to achieve its main objectives for the Group over 2022 which are:

Plantation Establishment

- Continue establishing new hectares, increasing the total planted area available to the Group;
- Continue to secure additional land for future plantation establishment;
- Continue to establish an increasing proportion of our new planted area through clonal plantation;
- Focus on ensuring all operations conform to international best practice for environmental, social, occupational health and safety standards; and
- Continue operating to Forestry Stewardship Council (FSC), and in alignment with the International Finance Corporation's Performance Standards (IFC-PS) and International Labour Organization (ILO) standards.

Operations

- Focus significantly on research and development, including tree breeding, to make positive improvements to the quality and growth rates of future trees planted, and reduce risk of pest and disease;
- Continue to reduce establishment and total business costs, aiming for the Group to remain one of the lowest cost timber product producers in Africa;
- To further strengthen the Group's financial, planning and forestry management systems;

Future Developments (continued)

- To scale up production of Edge glued boards and to further develop sales channels for wood biomass and utility transmission poles produced by the Group, therefore building turnover;

- To expand production from the pole treatment facility in Sierra Leone; and

- To scale up production of plywood from the plymill facility in Ghana and commence construction of the plymill facility in Sierra Leone.

Team

- To continue to strengthen the management teams with particular emphasis on the start-up of value-add processing (timber processing) and sales; and

- Continue to build team capability to manage the maintenance and thinning/harvesting of existing planted hectares as well as the establishment of new target hectares.

Post balance sheet events

On 4 October 2022, the Company signed agreements for a further US$36 million of new investment consisting of US$6 million each from British International Investment Plc (formerly CDC Plc), Finnish Fund for Industrial Cooperation Limited, Aqua Ventures II Limited, FMO, the Land Degradation Neutrality Fund SLP and FinDev Canada. This financing subscribes for redeemable preference shares with a fixed dividend rate of 6.5%, with equity warrant upside.

This new investment will finance the business through to the end of 2024 whereafter the group is expected to be cash flow positive and require no further funding.

As detailed in the Strategic report, Covid-19 continues to impact the Group with health and safety implications, localised lockdowns and international travel restrictions. Whilst these do not currently impact the Group significantly, if these conditions were to continue for an extended period, the Group would have delays in infrastructure development, most notably the plymill expansion plans for 2022 / 2023.

There were no other post balance sheet events.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- So far as the Directors are aware, there is no relevant audit information of which the Group's auditor is unaware; and
- The Directors have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

PKF Littlejohn LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

On behalf of the Board of Directors

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Andrew Collins
Director

18th November 2022

MIRO FORESTRY DEVELOPMENTS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare the financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Company financial statements in accordance with UK-adopted International Financial Reporting Standards (IFRSs). Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period.

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

On behalf of the Board of Directors

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Andrew Collins
Director

18th November 2022

MIRO FORESTRY DEVELOPMENTS LIMITED

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MIRO FORESTRY DEVELOPMENTS LIMITED

Opinion

We have audited the financial statements of Miro Forestry Developments Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Statements of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006

In our opinion, the financial statements:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31st December 2021 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the group and parent company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the group and parent company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the group and parent company financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of

irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the company and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management and industry research.
- We determined the principal laws and regulations relevant to the company in this regard to be those arising from the Companies Act 2006, International Financial Reporting Standards, Bribery Act 2010, Modern Slavery Act 2015 and Local laws and regulations in Sierra Leone and Ghana.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the company with those laws and regulations. These procedures included, but were not limited to: o enquiries of management
    - review of minutes
    - review of RNS publications

- We also identified the risks of material misstatement of the financial statements due to fraud. Aside from the non-rebuttable presumption of a risk of fraud arising from management override of controls, we did not identify any significant fraud risks.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Joseph Archer

Joseph Archer (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London
E14 4HD

18th November 2022

MIRO FORESTRY DEVELOPMENTS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

		Group	
		Year ended 31 December 2021	Year ended 31 December 2020
	Note	**US $**	US $
Revenue	4	**2,276,278**	698,374
Cost of sales	4a	**(3,125,597)**	(1,590,460)
Gross loss		**(849,319)**	(892,086)
Fair value movement	10	**(1,054,987)**	(9,514,879)
General, administrative and selling expenses	6	**(5,932,200)**	(7,042,017)
Operating loss		**(7,836,506)**	(17,448,982)
Other income	5	**113,234**	377,141
Finance costs		**(4,795,388)**	(2,623,347)
Loss before tax		**(12,518,660)**	(19,695,188)
Taxation	7	**124,068**	-
Loss for the year		**(12,394,592)**	(19,695,188)
Other comprehensive income		-	-
Total comprehensive income		**(12,394,592)**	(19,695,188)
Loss for the year attributable to:			
Owners of the parent		**(12,394,592)**	(19,695,188)
Total comprehensive income attributable to:			
Owners of the parent		**(12,394,592)**	(19,695,188)

The notes on pages 23 to 49 form part of these financial statements.

MIRO FORESTRY DEVELOPMENTS LIMITED
REGISTERED NUMBER: 09361425
CONSOLIDATED AND COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

		Group		Company	
		2021	2020	**2021**	2020
	Note	**US $**	US $	**US $**	US $
Non-current assets					
Right of use assets	8	**2,231,158**	1,944,571	-	-
Property, plant & equipment	9	**14,149,718**	7,076,139	-	-
Biological assets	10	**65,096,501**	58,249,996	-	-
Investments	11	-	-	**91,255,527**	70,949,139
		81,477,377	67,270,706	**91,255,527**	70,949,139
Current assets					
Trade and other receivables	12	**3,837,990**	3,187,515	**1,845,336**	1,426,736
Inventory	13	**3,188,749**	1,556,883	-	-
Cash and cash equivalents	14	**2,188,491**	940,461	**1,878,477**	757,729
		9,215,230	5,684,859	**3,723,813**	2,184,465
Total assets		**90,692,607**	72,955,565	**94,979,340**	73,133,604
Equity					
Share capital	15	**5,846,837**	5,838,087	**5,846,837**	5,838,087
Share premium	15	**36,541,145**	36,434,112	**36,541,145**	36,434,112
Share warrants		**3,003,044**	3,003,044	**3,003,044**	3,003,044
Retained losses		**(35,620,713)**	(23,226,121)	**(27,627,011)**	(20,679,233)
Total equity		**9,770,313**	22,049,122	**17,764,015**	24,596,010
Current liabilities					
Lease liabilities	16	**388,401**	251,466	-	-
Trade and other payables	17	**2,428,854**	1,183,611	**939,641**	634,778
		2,817,255	1,435,077	**939,641**	634,778
Non-Current liabilities					
Lease liabilities	16	**1,829,355**	1,568,550	-	-
Preference share dividend liability	26	**5,997,941**	1,527,196	**5,997,941**	1,527,196
Redeemable Preference shares	26	**70,277,743**	46,375,620	**70,277,743**	46,375,620
Total liabilities		**80,922,294**	50,906,443	**77,215,325**	48,537,594
Total shareholders' fund and liabilities		**90,692,607**	72,955,565	**94,979,340**	73,133,604

As permitted by section 408 of the Companies Act 2006, the profit and loss account of the parent Company has not been separately presented in these accounts. The Parent Company loss for the year was $6,947,778 (2020: $6,121,571).

These financial statements were approved on 18th November 2022 by the Directors and signed on their behalf by:

....

Andrew Collins
Director

The notes on pages 23 to 49 form part of these financial statements.

MIRO FORESTRY DEVELOPMENTS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

Group	Share Capital US $	Share Premium US $	Share Warrants US $	Retained Earnings US $	Total US $
Balance at 1 January 2020	**5,795,763**	**35,917,244**	**3,073,229**	**(3,895,357)**	**40,890,879**
Loss for the year	-	-	-	(19,695,188)	(19,695,188)
Other comprehensive income	-	-	-	-	-
Total comprehensive Income for the year	**-**	**-**	**-**	**(19,695,188)**	**(19,695,188)**
Issue of shares	2,324	27,676	-	-	30,000
Share warrants reserve transfer	-	-	(364,424)	364,424	-
Employee share warrants exercised	40,000	489,192	-	-	529,192
Share warrants expense	-	-	294,239	-	294,239
Total transactions with owners, recognised directly in equity	**42,324**	**516,868**	**(70,185)**	**364,424**	**853,431**
Balance at 31 December 2020 and 1 January 2021	**5,838,087**	**36,434,112**	**3,003,044**	**(23,226,121)**	**22,049,122**
Loss for the year	-	-	-	(12,394,592)	(12,394,592)
Other comprehensive income	-	-	-	-	-
Total comprehensive Income for the year	**-**	**-**	**-**	**(12,394,592)**	**(12,394,592)**
Issue of shares	8,750	107,033	-	-	115,783
Total transactions with owners, recognised directly in equity	**8,750**	**107,033**	**-**	**-**	**115,783**
Balance at 31 December 2021	**5,846,837**	**36,541,145**	**3,003,044**	**(35,620,713)**	**9,770,313**

The notes on pages 23 to 49 form part of these financial statements.

MIRO FORESTRY DEVELOPMENTS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

Company	Share Capital US $	Share Premium US $	Share Warrants US $	Retained Earnings US $	Total US $
Balance at 1 January 2020	**5,795,763**	**35,917,244**	**3,073,229**	**(14,922,086)**	**29,864,150**
Loss for the year	-	-	-	(6,121,571)	(6,121,571)
Other comprehensive income	-	-	-	-	-
Total comprehensive Income for the year	**-**	**-**	**-**	**(6,121,571)**	**(6,121,571)**
Issue of shares	2,324	27,676	-	-	30,000
Share warrants reserve transfer	-	-	(364,424)	364,424	-
Employee share warrants exercised	40,000	489,192	-	-	529,192
Share warrants expense	-	-	294,239	-	294,239
Total transactions with owners, recognised directly in equity	**42,324**	**516,868**	**(70,185)**	**364,424**	**853,431**
Balance at 31 December 2020 and 1 January 2021	**5,838,087**	**36,434,112**	**3,003,044**	**(20,679,233)**	**24,596,010**
Loss for the year	-	-	-	(6,947,778)	(6,947,778)
Other comprehensive income	-	-	-	-	-
Total comprehensive Income for the year	**-**	**-**	**-**	**(6,947,778)**	**(6,947,778)**
Issue of shares	8,750	107,033	-	-	115,783
Total transactions with owners, recognised directly in equity	**8,750**	**107,033**	**-**	**-**	**115,783**
Balance at 31 December 2021	**5,846,837**	**36,541,145**	**3,003,044**	**(27,627,011)**	**17,764,015**

Reserve	**Description and Purpose**
Share Capital	Amount subscribed for share capital at nominal value.
Share Premium	Amount subscribed for share capital in excess of nominal value.
Preference Shares	Amount subscribed for preference shares including both the nominal value and excess of nominal value.
Share Warrants	Amounts recorded in respect of share-based payments.
Retained Losses	Cumulative net gains or losses recognised in the statement of comprehensive income.

The notes on pages 23 to 49 form part of these financial statements.

MIRO FORESTRY DEVELOPMENTS LIMITED

CONSOLIDATED AND COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	Group		Company	
	2021	2020	**2021**	2020
	US $	US $	**US $**	US $
Operating activities				
Operating loss	**(7,836,505)**	(17,448,982)	**(2,714,334)**	(4,145,326)
Adjustments for:				
Share based payments	**-**	783,431	**-**	783,431
Depreciation and impairment of property, plant and equipment	**1,738,037**	1,292,999	**-**	-
Fair value loss	**1,054,987**	9,514,879	**-**	-
Other income received	**113,234**	377,141	**113,234**	361,316
Tax received	**124,068**	-	**124,068**	-
Exchange differences	**-**	8,098	**-**	-
(Gain) / Loss on disposal of property, plant and equipment	**(10,290)**	10,929	**-**	-
Operating cash flow before movement in working capital	**(4,816,469)**	(5,461,505)	**(2,477,032)**	(3,000,579)
Changes in working capital				
Increase in receivables	**(650,475)**	(1,234,232)	**(418,600)**	(236,868)
Increase in inventory	**(1,631,867)**	(328,913)	**-**	-
Increase in payables	**1,245,241**	48,713	**304,863**	41,279
Net cash outflow from operating activities	**(5,853,570)**	(6,975,937)	**(2,590,769)**	(3,196,168)
Investing activities				
Purchase of property, plant and equipment	**(8,879,035)**	(4,342,411)	**-**	-
Biological assets acquired	**(7,901,492)**	(7,545,479)	**-**	-
Investments in subsidiaries	**-**	-	**(20,306,388)**	(15,994,815)
Net cash outflow from investing activities	**(16,780,527)**	(11,887,890)	**(20,306,388)**	(15,994,815)
Financing activities				
Proceeds from issue of share capital	**24,017,905**	19,086,567	**24,017,905**	19,086,567
Proceeds of sale of property, plant and equipment	**103,983**	161,206	**-**	-
Repayment of lease liabilities	**(239,761)**	(370,971)	**-**	-
Net inflow from financing activities	**23,882,127**	18,876,802	**24,017,905**	19,086,567
Increase / (Decrease) in cash and cash equivalents	**1,248,030**	12,975	**1,120,748**	(104,416)
Analysis of changes in cash and cash equivalents during the period				
Balance at 1 January	**940,461**	927,486	**757,729**	862,145
Increase / (Decrease) in cash and cash equivalents	**1,248,030**	12,975	**1,120,748**	(104,416)
Balance at 31 December	**2,188,491**	940,461	**1,878,477**	757,729
Analysis of cash and cash equivalents				
Cash and bank balances	**2,188,491**	940,461	**1,878,477**	757,729

Non cash transactions during 2021 relate to capitalised and accrued Preference share dividends as reflected in the Net debt reconciliation below.

The notes on pages 23 to 49 form part of the financial statements.

MIRO FORESTRY DEVELOPMENTS LIMITED

CONSOLIDATED AND COMPANY STATEMENT OF CASH FLOWS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	Group		Company	
	2021	2020	**2021**	2020
	US $	US $	**US $**	US $
Cash and cash equivalents	**2,188,487**	940,461	**1,878,477**	757,729
Short term borrowings	**-**	-	**-**	-
Redeemable preference shares	**(76,275,684)**	(47,902,816)	**(76,275,684)**	(47,902,816)
Lease liabilities	**(2,217,756)**	(1,820,016)	**-**	-
Net debt	**(76,304,953)**	(48,782,371)	**(74,397,207)**	(47,145,087)

Group	**Short term borrowings US $**	**Redeemable Preference Shares US $**	**Lease liabilities US $**	**Cash and cash equivalents US $**	**Total US $**
Net debt as at 1 January 2020	**(3,038,276)**	**(23,440,412)**	**(1,714,830)**	**927,486**	**(27,266,032)**
Cash flows	(4,400,000)	(14,686,567)	370,971	12,975	(18,702,621)
Capitalised / accrued interest	(331,790)	(2,005,771)	(282,142)	-	(2,619,703)
Converted to preference shares	7,770,066	(7,770,066)	-	-	-
Acquisition – leases	-	-	(194,015)	-	(194,015)
Net debt as at 31 December 2020	-	**(47,902,816)**	**(1,820,016)**	**940,461**	**(48,782,371)**
Cash flows	-	(23,902,123)	239,761	1,248,026	(22,414,336)
Capitalised / accrued interest	-	(4,470,745)	(324,642)	-	(4,795,387)
Acquisition – leases	-	-	(312,859)	-	(312,859)
Net debt as at 31 December 2021	-	**(76,275,684)**	**(2,217,756)**	**2,188,487**	**(76,304,953)**

MIRO FORESTRY DEVELOPMENTS LIMITED

CONSOLIDATED AND COMPANY STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Net debt reconciliation

Company	Short term borrowings US $	Redeemable Preference Shares US $	Lease liabilities US $	Cash and cash equivalents US $	Total US $
Net debt as at 1 January 2020	**(3,038,276)**	**(23,440,412)**	**-**	**862,145**	**(25,616,543)**
Cash flows	(4,400,000)	(14,686,567)	-	(104,416)	(19,190,983)
Capitalised / accrued interest	(331,790)	(2,005,771)	-	-	(2,337,561)
Converted to preference shares	7,770,066	(7,770,066)	-	-	-
Net debt as at 31 December 2020	-	**(47,902,816)**	**-**	**757,729**	**(47,145,087)**
Cash flows	-	(23,902,123)	-	1,120,748	(22,781,375)
Capitalised / accrued interest	-	(4,470,745)	-	-	(4,470,745)
Net debt as at 31 December 2021	-	**(76,275,684)**	**-**	**1,878,477**	**(74,397,207)**

1. Reporting Entity

Miro Forestry Developments Limited is a private Company limited by shares incorporated under the law of England and Wales. The Company's registered office address is The St. Botolph Building, 138 Houndsditch, London, EC3A 7AR, United Kingdom. The consolidated financial statements of the Company as at and for the year ended 31 December 2021 comprise the Company and its subsidiaries together referred to as the "Group" and individually as "Group entities".

The principal activity of the Group is to undertake commercial plantation forestry. The principal activity of the Company is that of a holding Company.

2. Basis of Preparation

(a) Statement of Compliance

The consolidated financial statements have been prepared in accordance with UK-adopted International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee ("IFRIC") and those parts of the Companies Act 2006 applicable to Companies reporting under IFRS as adopted by the Companies Act 2006.

(b) Basis of Measurement

The consolidated financial statements have been prepared using the historical cost basis except for the biological assets that are measured at fair value.

(c) Functional and Presentation Currency

The consolidated financial statements are in the currency of the primary economic environment in which the entity operates (functional currency). The financial statements are presented in United States Dollars, which is the functional currency of the Group. The GBP to Dollar exchange rate used at the year end was 0.741 (2020: GBP 0. 737 per US dollar). The closing conversion rate for Sierra Leone balances was SLL 11,250 per US dollar (2020: SLL 10,032 per US dollar). The closing conversion rate for Ghanaian balances was GHC 6.10 per US dollar (2020: GHC 5.85 per US dollar).

(d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts in the financial statements. The estimates and the associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgement about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is as follows:

2. Basis of Preparation (continued)

Valuation of biological assets

The biological asset value ("BAV") methodology takes into account expected wood flows, forecast using growth models developed by the Group based on enumerated volumes to date and typical species models developed internationally. As a matter of course all parameters in the BAV calculation are reviewed each year in the light of plantation and business developments and it should be expected that further valuation changes may occur.

The methods and assumptions used in determining the fair value of these assets has been based on discounted cash flow models which require a number of significant judgments to be made by Directors in respect of sales price, production levels, operational cash and discount rates. In considering the fair value of the assets the Directors have considered a valuation report that was undertaken by Margules Groome Consulting, an independent consultant that provides consultancy and advisory services to the forestry industry. The report provided encompasses all areas of operation (Ghana and Sierra Leone).

The key assumptions used in determining the fair value were as follows:

	2021	2020
Real discount rate	13%	13%
Veneer round log price	$45 - $65	$45 - $65

These key assumptions directly impact the consideration of the fair value of biological assets and therefore the carrying value of biological assets in the financial statements is sensitive to any change in the key assumptions.

The following table reflects the impact of a 5% change in each of the assumptions:

	5% increase	5% decrease
Real discount rate	(1,944,211)	1,963,996
Veneer round log price	1,796,663	(1,796,663)

Refer to Note 10 for the movements in Biological asset value for the year.

Share based payments

The fair value of services received from employees and third parties in exchange for the grant of share warrants is recognised as an expense. The fair value of the warrants granted is calculated using the Black-Scholes pricing model and is expensed over the vesting period. This calculation includes a variety of estimates (see note 20 and 21) and therefore any changes to the inputs into these models would impact the fair value charge in respect of these warrants.

Carrying value of investments

The Company has investment in its subsidiaries totalling $91.3million. The Directors perform an impairment review annually, or when facts and circumstances indicate it necessary, to consider the carrying value of this asset. This review takes the form of a discounted cash flow model with the same key assumptions as those disclosed above in the valuation of biological assets, but taking into account subsequent rotations and other factors such as the research and development investment. This exceeds the biological asset valuation and should be noted when considering the value of Company investments.

The board consider carefully the inputs into the model but any changes thereto may impact the expected recoverability of this balance.

Refer to Note 11 for the carrying value of investments in subsidiaries.

2. Basis of Preparation (continued)

Fair value estimation

The Company has granted warrants to debt providers during the year as detailed in Note 24. The warrants have not been issued as consideration for services provided to the Company and therefore they fall outside the scope of IFRS 2 *Share based payments*. The warrants entitle warrant holders to a variable number of shares dependent on the prevailing share price at the time of exercise. They are considered to represent a derivative financial liability to be accounted for at fair value through profit or loss under IFRS 9 *Financial Instruments* and their fair value has been considered using other appropriate valuation methodologies including those applicable in the fair value hierarchy as prescribed by IFRS 13 *Fair Value Measurement*. See note 24 for further detail.

3. Significant accounting policies

The significant accounting policies that have been applied in the preparation of these financial statements are summarised below.

These accounting policies have been used throughout all periods presented in the financial statements.

(a) Going Concern

The financial statements have been prepared assuming that the Group and Company will continue as a going concern. Under this assumption, an entity is ordinarily viewed as continuing in business for the foreseeable future with neither the intention nor necessity of liquidation, ceasing trading or seeking protection from creditors for at least 12 months from the date of the signing of the financial statements.

The assessment has been made on the Groups prospects, which have been included in the financial budget and from managing working capital, in particular for 12 months from the date of approval of the financial statements. Consideration has been given to the current stage of the Group and Company's life cycle, its losses before fair value losses and cash outflows, the expected timing of revenues and the secured financing raised in 2022 as set out in note 25.

In respect of the above assessment, the Directors have made specific estimates and judgements with respect to:

- the timing and output capacity of the mills in construction;
- the timing of revenue generation;
- the working capital requirements of the Group;
- the scale up or down of the plantation operations; and
- future funding availability.

Based on these assumptions, the Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future and therefore have adopted the going concern basis of preparation in the financial statements.

(b) Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, i.e. when control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

3. Significant accounting policies (continued)

(b) Basis of consolidation (continued)

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; plus
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Goodwill that arises on acquisition is carried in the statement of financial position and reviewed regularly for impairment. When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are 100% owned and therefore the conditions for control are considered to be met.

(iii) Loss of control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date control is lost. Subsequently that retained interest is accounted for as an equity-accounted investee or as an available for sale financial asset.

3. Significant accounting policies (continued)

(b) Basis of consolidation (continued)

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(c) Foreign currency translation

The consolidated financial statements are presented in US Dollars, which is also the functional currency of the Group and Company.

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at period-end exchange rates are recognised in profit or loss.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

(d) Property, plant and equipment

(i) Initial Recognition

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, and any other costs directly attributable to bringing the assets to a working condition for its intended use. Purchase of software that is integral to the functionality of the related asset is capitalised as part of that equipment.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefit embodied within the part will flow to the Group and its cost can be measured reliably. The day-to-day servicing of property, plant and equipment are recognised in profit and loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives.

Property, plant and equipment are reflected at their cost price. Depreciation is provided for on a straight-line basis, taking into account the residual value and estimated useful lives of the assets as follows:

3. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

Forestry, nursery and silviculture equipment	3-5 years
Other equipment	3-5 years
Motor vehicles	3-5 years
Furniture and fittings	3 years
Industrial equipment	5-25 years
Buildings	5-25 years

Leasehold land is depreciated on a straight-line basis over the term of the lease.

Residual values, remaining useful lives and depreciation methods are reviewed annually and adjusted if appropriate.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(e) Biological assets

Biological assets are measured at fair value less costs to sell. Fair value is initially deemed to be the cost. After two years the assets are then fair valued using established fair value techniques. Biological assets are measured at cost for the first two years as this is considered a more appropriate value whilst the plantation is immature.

The Group recognises a biological asset or agricultural product (tree crop) when it controls the asset as a result of past events, when it is probable that future economic benefits associated with the asset will flow to the Company and when the fair value or cost of the asset can be measured reliably.

A gain or loss arising on the initial recognition of a biological asset at fair value less costs to sell and from the change in fair value less cost to sell are included in the statement of comprehensive income in the period in which it arises.

(f) Financial instruments

(i) Classification

The Group classifies its financial assets into only one measurement category, which is at amortised cost. The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

(ii) Recognition

Purchases and sales of financial assets are recognised on trade date (that is, the date on which the Group commits to purchase or sell the asset). Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

3. Significant accounting policies (continued)

(f) Financial instruments (continued)

Debt instruments

Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.

(iv) Impairment

The Group assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Trade and other receivables

Trade receivables are carried at original invoice amount, less provision made for impairment. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due, according to the original terms. The Group defines this default event as non-payment by a customer after 90 days.

The amount of the provision is the difference between the carrying value and the present value of expected cash flows, discounted at the effective interest rate.

Cash and cash equivalents

Cash equivalents comprise short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. An investment with a maturity of three months or less is normally classified as being short-term.

Trade and other payables

Trade payables are stated at their amortised cost.

3. Significant accounting policies (continued)

(f) Financial instruments (continued)

Categorisation

Financial instruments are categorised as follows:

	2021 US $	2020 US $
Financial assets measured at amortised cost		
Trade and other receivables	**3,837,990**	3,187,515
Cash and cash equivalents	**2,188,491**	940,461
	6,026,481	4,127,976
Financial liabilities measured at amortised cost		
Lease liabilities	**2,217,756**	1,820,016
Trade and other payables	**2,428,854**	1,183,611
Redeemable Preference shares	**76,275,684**	47,902,816
	80,922,294	50,906,443

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories includes all costs incurred in bringing the inventories to their present location and condition, including the costs of purchase and conversion. Costs of purchase of inventories comprise the purchase price (less trade discounts, rebates and similar items), irrecoverable taxes, and transport, handling and other costs directly attributable to their acquisition. Costs of conversion include costs directly related to the units of production, such as direct labour and systematically allocated fixed and variable production overheads incurred in producing finished goods. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Impairment

The carrying amounts of the Group's assets, other than biological assets (see accounting policy e) and inventories (see accounting policy g), are reviewed annually to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and compared to its carrying amount. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

3. Significant accounting policies (continued)

(i) Revenue

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and sales taxes.

Under IFRS 15 *Revenue from Contracts with Customers*, there is a five-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer;
Step 2: Identify the performance obligations in the contract;
Step 3: Determine the transaction price;
Step 4: Allocate the transaction price to the performance obligations in the contract; and
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Revenue from the sale of goods is recognised in the income statement upon satisfaction of performance obligations. In all circumstances there is considered to be only one performance obligation, which is the delivery of the goods. The customer obtains controls of the goods on delivery and there are no significant judgements required in respect of this assessment. The transaction price is therefore recognised in full upon delivery of the goods.

The transaction price is determined by reference to contract or funds received. Consideration to be received is not variable and no adjustment is made for the effects of the time value of money as the effect of any such adjustment would be immaterial.

The disaggregation of revenue by stream as required under IFRS 15 is disclosed in note 5.

In applying IFRS 15 *Revenue from Contracts with Customers* no significant judgements or changes in judgements arose in determining either the timing of satisfaction of performance obligations, or the transaction price and amounts allocated to performance obligations.

(j) Leases

The Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of a contract. The Group recognises a right of use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and

3. Significant accounting policies (continued)

(j) Leases (continued)

- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right of use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group did not make any such adjustments during the periods presented.

The right of use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right of use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right of use asset reflects that the Group expects to exercise a purchase option, the related right of use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right of use assets are presented as a separate line in the statement of financial position.
The Group applies IAS 36 Impairment of Assets to determine whether a right of use asset is impaired.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right of use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "cost of sales" in the statement of profit or loss.

(k) Net financing costs

Interest income is recognised in the Statement of Comprehensive Income as it accrues, using the effective interest method.

Interest payable is recognised in the income statement as it accrues using the effective interest method.

3. Significant accounting policies (continued)

(l) Deferred Taxation

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(m) Current Taxation

The Company provides for income taxes at the current tax rates on the taxable profits of the Company.

Current tax is the expected tax payable on the taxable income for the period, using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date, and any adjustment to tax payable in respect of previous periods.

(n) Shareholders' equity

Costs incurred with respect to the issuance of equity instruments are recorded as a deduction in equity.

(o) Share based payments

In accordance with IFRS 2 'Share based payments', the Group reflects the economic cost of awarding shares and share warrants to employees and Directors by recording an expense in the statement of comprehensive income equal to the fair value of the benefit awarded. The expense is recognised in the statement of comprehensive income over the vesting period of the award.

Fair value is measure by use of a Black-Scholes model, which takes into account conditions attached to the vesting and exercise of the equity instruments. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

(p) Preference shares

Preference shares, which are mandatorily redeemable on a specific date and have a fixed coupon rate, are classified as liabilities. The dividends on these preference shares are recognised in profit or loss as finance costs.

3.1 New standards, interpretations and amendments effective

The IASB and IFRS Interpretations Committee have issued the following standards and interpretations with an effective date of implementation for accounting periods beginning after the date on which the Company's financial statements for the current year commenced.

3. Significant accounting policies (continued)

3.1 New standards, interpretations and amendments effective (continued)

a) New standards, interpretations and amendments effective from 1 January 2021

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2021:

	Effective for accounting periods beginning on or after	**Impact**
Interest rate benchmark reform – Amendments to IFRS 17 'Insurance Contracts	1 January 2021	None
Interest rate benchmark reform – Amendments to IFRS 16 'Leases'	1 January 2021	None
Interest rate benchmark reform – Amendments to IFRS 9 'Financial Instruments'	1 January 2021	None
Interest rate benchmark reform – Amendments to IAS 39 'Financial Instruments: Recognition and Measurement'	1 January 2021	None
Interest rate benchmark reform – Amendments to IFRS 7 'Financial Instruments: Disclosures'	1 January 2021	None

b) New standards, interpretations and amendments not yet effective

As at 31 December 2021, the following standards and interpretations had been issued but were not mandatory for annual reporting periods ending on 31 December 2021.

	Effective for accounting periods beginning on or after	**Expected Impact**
Covid-19-related Rent Concessions – Amendments to IFRS 16	1 March 2021	None
Income Taxes – Deferred tax amendments to IAS 12	1 May 2021	None
Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16	1 January 2022	None
Reference to the Conceptual Framework – Amendments to IFRS 3	1 January 2022	None
Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37	1 January 2022	None
Annual Improvements to IFRS Standards 2018 – 2020	1 January 2022	None
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2023	None

3.2 Financial risk management

The Group is exposed to a variety of financial risks: market risk (including timber price risk, foreign currency risk and interest rate cash flow risk), liquidity risk and credit risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Covid-19 has had a significant impact on these financial risks since the prior year which is separately discussed in each risk where relevant.

3. Significant accounting policies (continued)

3.2 Financial risk management (continued)

a) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices. The Group is exposed to the following market risks: foreign currency risk and interest rate cash flow risk.

i) Timber price risk

Timber price risk refers to the risk that the price of timber will decrease resulting in a decrease in asset value or future revenue. The Group is exposed to timber price risk as a result of the rotation period of the plantations.

Management monitors the timber market to ensure product development is aligned to highest timber prices. In addition, due to the non-cyclical nature of forestry, timber price risk is reduced as harvesting can be delayed until supply and demand is more favourable. Due to this non-cyclical nature and the stage of the Group's life cycle, Covid-19 is not likely to increase the Group's risk, nor decrease the timber price in the long term.

ii) Foreign currency risk

Foreign currency risk refers to the risk that the value of a financial commitment or recognised asset or liability will fluctuate due to changes in foreign currency rates. The Group is exposed to foreign currency risk as a result of future transactions and investments into foreign currency denominated assets.

In accordance with its risk management policy, management monitors the effect of movements in foreign currency rates and the impact on future transactions as part of the internal reporting process. In the event that management consider that the Company is exposed to foreign currency risk at an unacceptable level, then the Group would consider the use of forward exchange contracts.

The Group is mainly exposed to currency rate fluctuations of the US Dollar versus the Sierra Leone ("Leone") and the Ghana Cedi ("Cedi") and measures its foreign currency risk through a sensitivity analysis considering a 20% favourable and adverse change in market rates on exposed monetary assets and liabilities denominated in Leone's and Cedi's. At 31 December 2021 a 20% revaluation of the Leone and Cedi against the US Dollar would have resulted in a US$49,810 decrease or a US$49,810 increase in the net assets of the Group.

b) Liquidity risk

The Group maintains sufficient cash resources based upon cash flow forecasts which are regularly reviewed by management to ensure that sufficient cash reserves are held to meet future working capital requirements, and to take advantage of business opportunities.

The Group has a track record of achieving its targets, is one of the lowest cost forestry businesses in Africa, and has a strong reputation in financial markets. As a result, the Group believes the risk of failing to raise funds as they are required is low. The Group's business model allows it to significantly scale down operations, whilst remaining profitable, if any remaining financing requirement was not available – by harvesting existing timber stock at a lower rate whilst they continue to grow in volume and value, generating cash-flow from sawmilling operations.

3. Significant accounting policies (continued)

3.2 Financial risk management (continued)

Whilst Covid-19 may result in delays to infrastructure projects, it is not expected to significantly impact the Group's liquidity.

c) Credit risk

The Group holds no collateral or other credit enhancements for trade receivables.

When applicable, the debtors age analysis is evaluated on a regular basis for potential doubtful debts. It is the management's opinion that no provision for doubtful debts is required. There were no trade receivables outstanding at the period end for the Company that would give rise to any material exposure. The Group invests its surplus funds in an approved high-quality bank, namely Barclays Bank plc, with a Standard and Poors rating of A / Stable.

	2021	2020
	US $	US $
4. Revenue		
Veneer	-	278,025
Plywood	**1,446,290**	92,302
Sawn timber products	**100,257**	62,261
Seedlings	**6,035**	10,583
Biomass / Charcoal	**43,334**	45,615
Poles	**621,295**	199,817
Teak	**59,067**	7,271
Other	-	2,500
	2,276,278	698,374

Revenue for the year ending 31 December 2021 is mostly attributable to sales of plywood, poles, sawn timber and teak from harvesting of Miro and existing Forestry Commission compartments allocated to Miro in Ghana.

4a. Cost of sales

Veneer	-	523,713
Plywood	**2,197,001**	88,752
Sawn timber	**500,058**	344,001
Harvesting costs	**80,030**	442,779
Poles	**329,231**	186,795
Teak round logs	**19,277**	4,420
	3,125,597	1,590,460

Cost of sales for plywood and sawn timber remain higher than revenue as we scale up these businesses. Fixed costs have therefore not been diluted due to low production volumes.

	2021	2020
	US $	US $

5. Other income

	2021 US $	2020 US $
Interest received	**2,598**	395
Grant income	**110,636**	376,746
	113,234	377,141

6. General, administrative & selling expenses

	2021 US $	2020 US $
Land Preparation	**1,017,229**	1,234,012
Biological Asset Establishment	**850,716**	938,328
Biological Asset Maintenance	**1,887,150**	1,728,092
Fire & Disease, Conservation and Roads	**1,602,029**	1,361,922
Silviculture costs	**2,544,368**	2,283,125
Costs attributed to Biological assets	**(7,901,492)**	(7,545,479)
Field expenses	**119,704**	57,566
Administration	**2,297,705**	2,917,450
Depot and delivery costs	**12,260**	70,045
Depreciation and impairment of tangible assets	**1,711,766**	1,284,034
Capitalisation of depreciation to cost of growing timber	**(948,879)**	(781,362)
Depreciation included under costs of sales	**(388,192)**	(163,555)
(Gain) / Loss on Disposal of Fixed Assets	**(10,289)**	10,929
Staff costs (note 18)	**4,799,351**	4,816,447
Capitalisation of staff costs to cost of growing timber	**(1,040,867)**	(889,683)
Staff costs included under costs of sales	**(412,162)**	(186,335)
Foreign exchange gains	**(208,197)**	(93,519)
	5,932,200	7,042,017

	2021 US $	2020 US $
Auditors remuneration is comprised as follows:		
Fees payable to the Company's auditor for the audit of the consolidated and parent Company's annual accounts	**43,600**	39,526
Fees payable to associates of the Company's auditor for the audit of subsidiary undertakings	**27,876**	26,027
Fees payable to the Company's auditor for tax compliance	**7,259**	7,223
Total for year	**78,735**	72,776

7. Taxation

	2021 US $	2020 US $
Tax recognised in profit or loss		
Current tax	124,068	-
Deferred Tax	-	-
Net tax charge	124,068	-
Tax rate reconciliation		
Profit before tax at the applicable tax rate - 25% (2020: 25%)	(3,129,665)	(4,923,797)
Timing differences – Fair value gains	263,747	2,378,720
Expenses not deductible	-	124,295
Adjustments to tax charge in respect of prior periods	124,068	-
Tax losses not recognised	2,865,918	2,420,782
Current tax expenses	124,068	-

The tax rate used is a combination of the rates used in the locations in which the Group operates.

The Group has tax losses of $49,343,310 (2020: $37,879,637) available to carry forward against future taxable profits. No deferred tax asset has been recognised due to uncertainty as to when sufficient profits will be generated against which to relieve said asset.

8. Right of use Assets

Cost/valuation	At 1 Jan 2021 US $	Acquisitions US $	At 31 Dec 2021 US $
Land	2,050,622	312,858	2,363,480

Accumulated depreciation	At 1 Jan 2021 US $	Charge for the period US $	At 31 Dec 2021 US $
Land	106,051	26,271	132,322

Net book value	
At 31 December 2021	**2,231,158**
At 31 December 2020	1,944,571

Some of the property leases in which the Group are lessees contain variable lease payment terms that are linked to profitability generated from the plantation timber. Variable payment terms are used to reduce upfront fixed costs and align leaseholder value to Group profitability.

In determining the value of the Right of use asset, the Group have used a 15% nominal discount rate as this is considered to be the weighted average cost of capital of the Group.

9. Property, Plant and Equipment

Group Cost/valuation	At 1 Jan US $	Reallocation US $	Acquisitions US $	Disposals US $	At 31 Dec US $
Buildings	2,902,083	(2,026,591)	809,161	-	**1,684,653**
Furniture & fittings	24,536	-	8,710	-	**33,246**
Other Equipment	447,382	(93,300)	54,098	-	**408,180**
Forestry, nursery and silviculture equipment	1,971,403	22,430	205,043	(2,950)	**2,195,926**
Industrial equipment	1,426,076	2,097,461	6,654,868	-	**10,178,405**
Motor vehicles	6,018,125	-	1,147,155	(247,486)	**6,917,794**
	12,789,605	-	8,879,035	(250,436)	**21,418,204**

Depreciation	At 1 Jan US $	Reallocation US $	Charge for the period US $	Disposals US $	At 31 Dec US $
Buildings	431,293	-	96,058	-	**527;351**
Furniture & fittings	18,348	-	6,242	-	**24,590**
Other Equipment	326,221	(65,687)	56,636	-	**317,170**
Forestry, nursery and silviculture equipment	1,457,891	(7,685)	268,930	(2,950)	**1,716,186**
Industrial equipment	195,294	73,372	374,847	-	**643,513**
Motor vehicles	3,284,419	-	909,053	(153,796)	**4,039,676**
	5,713,466	-	1,711,766	(156,746)	**7,268,486**
Net book value					
At 31 December 2021					**14,149,718**
At 31 December 2020					7,076,139

10. Biological assets

Quantities at period end in number of hectares under plantation:

	Group **2021** **Hectares**	 2020 Hectares
Eucalyptus	**9,335**	8,879
Acacia	**3,307**	2,737
Teak	**3,393**	3,440
Gmelina	**2,868**	1,920
Other	**317**	302
	19,220	17,278

10. Biological assets (continued)

	2021 Hectares	2020 Hectares	2021 US $	2020 US $
Balance at 1 January 2020	**17,278**	15,601	**58,249,996**	60,219,397
Planted during the year	**2,254**	2,088	**7,901,492**	7,545,478
Other movements for the year:				
Inherited / withdrawn from the Forestry Commission	**(368)**	5	-	-
Recovered fire areas	-	56	-	215,115
Losses due to:				
Fire	**(17)**	(133)	**(32,207)**	(621,370)
Drought	**(44)**	(110)	**(20,739)**	(488,304)
Cattle damage	**(32)**	(13)	**(131,015)**	(21,106)
Industrial expansion	**(1)**	-	**(3,118)**	-
Waterlogging	**(22)**	(74)	**(24,793)**	(187,595)
Clearfell	**(150)**	(85)	**(483,069)**	(486,110)
Pest and disease	**(1)**	(21)	**(7,237)**	(47,223)
Other adjustments	**323**	(36)	**1,173,994**	(183,083)
	(312)	(411)	**471,816**	(1,819,676)
Maturity of biological asset	-	-	**(1,526,803)**	(7,695,203)
Total fair value loss	**(312)**	(411)	**(1,054,987)**	(9,514,879)
	19,220	17,278	**65,096,501**	58,249,996

Miro Forestry manages the establishment, maintenance and harvesting of its plantations on a compartmentalised basis. Plantations are stated at fair value less estimated cost to sell at the harvesting stage. See Note 2(d) for further detail on valuation of biological assets.

The change in the maturity of the biological asset is due to lower than expected performance of Eucalyptus plantations due to drought conditions.

11. Investments in subsidiaries

	Company 2021 US $	2020 US $
Miro Forestry (Ghana) Ltd.	**4,352,417**	4,352,417
Miro Forestry (SL) Ltd.	**2,556,000**	2,556,000
Amount owed by Miro Forestry (Ghana) Ltd.	**48,491,200**	34,808,800
Amount owed by Miro Forestry (SL) Ltd.	**35,855,910**	29,231,922
	91,255,527	70,949,139

11. Investments in subsidiaries (continued)

Subsidiary and registered address	Country of Incorporation	Equity Interest	Type of shares held	Nature of business
Miro Forestry (Ghana) Ltd #4 Momotse Avenue Adabraka, Accra, Ghana	Ghana	**100%**	Ordinary	Forestry
Miro Forestry (SL) Ltd c/o BMT Law Chambers 35 Liverpool Street Freetown, Sierra Leone	Sierra Leone	**100%**	Ordinary	Forestry
Miro Timber Products Ltd #4 Momotse Avenue Adabraka, Accra, Ghana	Ghana	**100%**	Ordinary	Dormant

12. Trade and other receivables

	Group **2021** **US $**	Group 2020 US $	Company **2021** **US $**	Company 2020 US $
Trade receivables	**459,258**	24,082	**288,506**	-
Prepayments	**1,295,962**	1,563,375	**372,465**	225,398
VAT / GST receivables	**862,757**	387,458	**3,490**	9,829
Grant receivable	**3,025**	124,043	**3,025**	124,042
Current tax receivable	**809,971**	809,971	**809,971**	809,971
Other	**407,017**	278,586	**367,879**	257,496
	3,837,990	3,187,515	**1,845,336**	1,426,736

The fair value of all receivables is the same as their carrying values stated above. As at 31 December 2020 all trade and other receivables were fully performing. Trade receivables have the following aging:

	Group 2021	Group 2020	Company 2021	Company 2020
Current	**459,258**	21,103	**288,506**	-
1 – 3 months	**-**	-	**-**	-
3 – 6 months	**-**	-	**-**	-
> 6 months	**-**	2,979	**-**	-
	459,258	24,082	**288,506**	-

The carrying amount of the Group and Company's trade and other receivables are denominated in the following currencies:

	Group 2021	Group 2020	Company 2021	Company 2020
UK Pound	**1,320,819**	1,079,339	**1,320,819**	1,079,339
US Dollars	**1,448,013**	1,561,332	**524,517**	223,355
Euros	**-**	124,043	**-**	124,042
Sierra Leone Leone	**395,726**	198,891	**-**	-
Ghana Cedi	**673,431**	223,910	**-**	-
	3,837,989	3,187,515	**1,845,336**	1,426,736

12. Trade and other receivables (continued)

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

	Group		Company	
	2021	2020	**2021**	2020
	US $	US $	**US $**	US $

13. Inventory

Inventories recognised in the statement of financial position can be analysed as follows:

Raw materials	**2,573,912**	1,425,698	-	-
Finished Goods	**614,837**	131,185	-	-
	3,188,749	1,556,883	-	-

14. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks.

Bank balances	**2,179,912**	937,079	**1,878,477**	757,729
Cash on hand	**8,579**	3,382	-	-
	2,188,491	940,461	**1,878,477**	757,729

Cash is mostly held in international Investment grade banks, such as Barclays and Standard Chartered Bank.

15. Share capital

	Number of shares		Proceeds	
	2021	2020	**2021**	2020
			US $	US $
Allotted, called up and fully paid				
Ordinary shares with a nominal value of $1	**5,846,837**	5,838,087	**42,387,982**	42,272,199
Growth shares with a nominal value of $0.01	**109,000**	100,000	**1,000**	1,000

	Share Capital		Share Premium	Total
	Shares	**Nominal**		
		US $	**US $**	**US $**
As at 1 January 2021	5,838,087	5,838,087	36,434,112	42,272,199
Shares issued	8,750	8,750	107,033	115,783
As at 31 December 2021	**5,846,837**	**5,846,837**	**36,541,145**	**42,387,982**

On 5th November, the Company issued 8,750 shares to the Chairman, Sampsa Auvinen, for proceeds of $115,783 which equated to an average price of $13.23 per share. In addition, 2,000 growth shares were awarded to Sampsa as part of the investment.

	Group		Company	
	2021	2020	**2021**	2020
	US $	US $	**US $**	US $

16. Lease liabilities

Changes in the lease liabilities are as follows:

Beginning of the year	**1,568,550**	1,714,830	**-**	-
Additions	**564,325**	194,015	**-**	-
Finance costs	**324,642**	282,142	**-**	-
Lease payments	**(239,761)**	(370,971)	**-**	-
End of the year	**2,217,756**	1,820,016	**-**	-
Less current portion	**(388,401)**	(251,466)	**-**	-
Non-current portion	**1,829,355**	1,568,550	**-**	-

Maturity analysis				
Not later than 1 year	**388,401**	251,466	**-**	-
Later than 1 year and not later than 5 years	**1,190,785**	1,006,214	**-**	-
Later than 5 years	**638,570**	562,336	**-**	-
	2,217,756	1,820,016	**-**	-

17. Trade and other payables

Accruals	**826,892**	546,567	**654,192**	473,712
Deferred Revenue	**254,088**	130,173	**174,420**	120,260
Payroll Liabilities	**553,168**	325,134	**111,029**	30,452
Other Creditors	**794,706**	181,737	**-**	10,354
	2,428,854	1,183,611	**939,641**	634,778

18. Staff costs

Salaries and wages	**3,541,677**	3,049,252	**1,475,345**	1,248,403
Social security costs	**218,946**	186,820	**100,012**	92,529
Pension costs	**28,548**	26,239	**28,548**	26,239
Other employee costs	**132,501**	94,265	**28,420**	18,571
Performance bonus	**645,038**	489,004	**512,940**	382,734
Subsistence	**232,641**	187,437	**-**	-
Staff costs before share warrant scheme	**4,799,351**	4,033,017	**2,145,265**	1,768,476
Share Warrant Scheme	**-**	783,430	**-**	783,430
Total staff costs	**4,799,351**	4,816,447	**2,145,265**	2,551,906

The average numbers of employees during the period were:

Corporate management	**7**	7	**4**	4
Plantation	**928**	784	**-**	-
Industrial	**110**	79	**-**	-
Finance and administration	**28**	21	**-**	-

19. Directors remuneration

Key management are considered to be Directors. In 2021 the Company had 9 Directors, Sampsa Auvinen, Ross Barlow, Robert Dovlo, Andrew Collins, Charlie Bosworth, Ilkka Norjamaki, Benjamin Johnston (Appointed in 2021), Andries Smith (Appointed in 2021) and Florence Laloe (Appointed in 2021). Richard Laing, Keith Alexander and Jacob Logothetis resigned as Directors during 2021.

	Directors emoluments		**Highest paid Director's remuneration**	
	2021	2020	**2021**	2020
	US $	US $	**US $**	US $
Salary and fees	**688,573**	610,576	**307,086**	253,315
Other benefits	**9,095**	5,882	**3,383**	3,778
Pension costs	**17,812**	16,171	**9,207**	8,807
Cash salary and benefits	**715,480**	632,629	**320,076**	265,900
Share-based payments - Long-term incentive scheme	**-**	294,239	**-**	141,770
Total	**715,480**	926,868	**320,076**	407,670

Share-based payments relate to the warrants described in note 20 which have been fair valued using a Black-Scholes valuation model and includes the portion exercised during the year.

20. Share based payments - Warrants

The share based payment expense in relation to warrants is $nil (2020: $294,239).

Warrants are granted to certain founding Directors. The exercise price of the granted warrants is equal to $1 to be settled with equity. Warrants are conditional on the share price targets of $12.50, $15.00 & $17.50 and the Warrant holder continuing to act as a Director of the Company at each respective vesting date. One third of the granted warrants are exercisable upon the share price reaching each of the above share price targets starting from the day after grant, 1 January 2016.

On the 1st April 2019, Arbaro invested equity at a share price of $12.60 which triggered the 1st tranche of warrants.

On the 19th September 2019, senior management including two of the three founding Directors, subscribed to the Growth share scheme, details of which are described in note 21. In exchange for the new Growth share scheme, these founding Directors agreed to forfeit half of their 2nd tranche and the entire 3rd tranche of their warrants. The remaining founding Director remains under the existing warrant scheme.

As per the date of approval of these accounts management believe that the future share price target of $15.00 & $17.50 will be achieved by 2023 and 2025 respectively. As such vesting periods for each share price target as above are 8 and 10 year respectively.

The warrants expire on 31st December 2023. The Group has no legal or constructive obligation to repurchase or settle the warrants in cash.

20. Share based payments – Warrants (continued)

Movements in the number of share warrants outstanding and their related weighted average exercise prices are as follows:

	2021		2020	
	Average Exercise Price in $ per Share	**Warrants (Thousands)**	Average Exercise Price in $ per Share	Warrants (Thousands)
At *1 January*	**1**	**158**	1	158
Granted	-	-	-	-
Forfeited	-	-	-	-
Exercised	-	-	1	-
Expired	-	-	-	-
At 31 December	**1**	**158**	1	158

Of the 158,333 outstanding warrants (2020: 158,333 warrants), nil warrants (2020: Nil) were exercisable. No warrants were exercised in 2021 (2020: Nil).

Share warrants outstanding at the end of the year have the following expiry dates and exercise prices:

Grant date	**Expected Vest date**	**Expiry date 31 December**	**Exercise Price in $ per Share**	**Share warrants (thousands)**	
				2021	2020
2015	2019	None	1	-	-
2015	2023	2023	1	141	141
2015	2025	2023	1	17	17
				158	158

No warrants were granted or forfeited during the year.

The weighted average fair value of the above warrants granted in 2015, determined using the Black-Scholes valuation model, was $8.02 per warrant.

Weighted average share price at grant date	$9.00
Expected life	3-5 years
Risk free interest rate	0.5%
Volatility	11.1%
Dividend yield	0%

The volatility measured at the standard deviation of continuously compounded share returns is based on share prices of the shares issued since incorporation. See note 19 for the total expense recognised in the income statement for share warrants granted to Directors.

21. Share based payments - Growth Shares

The share based payment expense in relation to growth shares is $nil.

Growth shares were granted to selected employees during 2019. Growth shares attribute value to the growth shareholders where the ordinary shares growth exceeds 8% per annum. During 2021, the growth shares were amended whereby the growth shares attribute value where ordinary and preference shares growth exceeds 6.5% per annum as follows:

Ordinary shareholder IRR		Percentage captured by Growth shares
Lower Threshold	**Upper Threshold**	
6.5% or less		0%
6.5%	10%	10%
10%	15%	16%
15%	20%	22%
20% or higher		30%

The Growth shares are triggered by a sale event being:

(a) a sale of a tranche of Shares by an Investor provided that such sale is any of:
- (i) any sale by an Investor Shareholder;
- (ii) a sale by an Investor(s) through one or a series of sales of Shares representing at least 10% of the Shares in issue at 19th September 2019;
- (iii) the sale by an Investor of all of its holding of Shares if greater than 2% of the of the Shares in issue at 19th September 2019;

but does not include any transfer of Shares between Investors that were Investors at 19th September 2019;

(b) a Listing;

(c) a winding-up of the Company following an Asset Sale; or

31st December 2028 for all remaining shares. The Group has no legal or constructive obligation to repurchase or settle the growth shares in cash.

The weighted average fair value of the above growth shares, determined using the Black-Scholes valuation model, were lower than those forfeited as described in note 20. Under IFRS 2, a modification of an existing share based payment scheme results in no change in value if the fair value of the resultant scheme is lower than that of the original scheme. Therefore no value has been recorded for these growth shares.

22. Derivatives – Equity Warrants

On the 26th May 2020, the Company signed agreements for US$48 million of new investment consisting of US$12 million each from CDC Group plc and Aqua Ventures FZE together with US$8 million each from the Finnish Fund for Industrial Cooperation Ltd, FMO and the Land Degradation Neutrality Fund SLP, in the form of redeemable preference shares.

On the 14th January 2021, the Company signed an amendment to the Preference Shares subscription agreement for a further US$16 million of new investment consisting of US$12 million from FinDev Canada and a further US$4 million from the Land Degradation Neutrality Fund SLP, increasing the previous US48 million commitment to US$56 million whilst decreasing the existing commitments from CDC Group plc and Aqua Ventures FZE to US$8 million each.

As part of this amendment, the fixed dividend coupon was adjusted to 6.5% (previously 6% increasing to 7% from 1st December 2020), with additional equity warrant upside through additional warrants granted with 1 warrant granted for every $30 invested (previously $35).

Each warrant provided the preference shareholder with value equivalent to 70% of the equity return over the period of their preference shares, less the coupon interest rate of 6.5%. The warrants are exercisable at the discretion of the warrantholder:

- at any time following 1 January 2026;
- at any time in circumstances where any or all of the Warrantholder's Preference Shares are redeemed; or
- upon the occurrence of an Exit or Distribution of Capital.

The Group had no legal or constructive obligation to repurchase or settle the warrants in cash.

Movements in the number of warrants outstanding and their related weighted average exercise prices are as follows:

	2021	
	Average Exercise Price in $ per Share	**Warrants (Thousands)**
At *1 January*	**13.23**	**1,634**
Granted	**13.23**	**904**
At 31 December	**13.23**	**2,538**

Of the 2,537,773 outstanding warrants, nil warrants were exercisable.

No warrants were exercised in 2021.

22. Derivatives – Equity Warrants (continued)

Warrants outstanding at the end of the year have the following expiry dates and exercise prices:

Grant date	Expected Vest date	Expiry date 31 December	Exercise Price in $ per Share	Warrants (thousands) 2021	2020
2020	2026	2050	$13.23 increasing 5% per annum	2,538	1,634

No fair value has been recorded in the year in respect of these warrants. The key judgement on which any fair value estimation would be based is in relation to management's expectations of the prevailing value of one ordinary share at the time of exercise of the warrants. We have considered the available financial information under Level 3 of the fair value hierarchy and concluded that the best estimate is the latest share price information available as at 31 December 2021, which is a share price of $13.23, being the most recent price at which the Company's shares were traded. This is equal to the value of one ordinary share at the time of issue of the warrants and therefore the warrants are not considered to have any intrinsic value as at 31 December 2021.

In future periods fair value will be reassessed and any value attributed to the warrants will be treated as a financial liability recorded at fair value through profit or loss under IFRS 9.

23. Controlling party

The Directors consider that there is no controlling party.

24. Related parties

Group
Directors remuneration is disclosed in note 19.

Company
During the year, the Company advanced funds to its subsidiaries, Miro Forestry (SL) Limited and Miro Forestry (Ghana) Limited, of $6,623,988 and $13,682,400 respectively. The balance owed to the Company at the year end was as follows:

	2021 US $	2020 US $
Amount owed by Miro Forestry (Ghana) Ltd.	**48,491,200**	34,808,800
Amount owed by Miro Forestry (SL) Ltd.	**35,855,910**	29,231,922

25. Post balance sheet Events

On 4 October 2022, the Company signed agreements for a further US$36 million of new investment consisting of US$6 million each from British International Investment Plc (formerly CDC Plc), Finnish Fund for Industrial Cooperation Limited, Aqua Ventures II Limited, FMO, the Land Degradation Neutrality Fund SLP and FinDev Canada. This financing subscribes for redeemable preference shares with a fixed dividend rate of 6.5%, with equity warrant upside.

This new investment will finance the business through to the end of 2024 whereafter the group is expected to be cash flow positive and require no further funding.

25. Post balance sheet Events (continued)

As detailed in the Strategic report, Covid-19 continues to impact the Group with health and safety implications, localised lockdowns and international travel restrictions. Whilst these do not currently impact the Group significantly, if these conditions were to continue for an extended period, the Group would have delays in infrastructure development, most notably the plymill expansion plans for 2022.

There were no other post balance sheet events.

26. Redeemable Preference Shares

	Group		Company	
	2021	2020	**2021**	2020
	US $	US $	**US $**	US $
Redeemable Preference Shares	**70,277,743**	46,375,620	**70,277,743**	46,375,620
Preference Shares dividend accrual	**5,997,941**	1,527,196	**5,997,941**	1,527,196

On 26 May 2020, the Company signed agreements for US$48 million of new investment consisting of US$12 million each from CDC Group plc and Aqua Ventures FZE together with US$8 million each from the Finnish Fund for Industrial Cooperation Ltd, FMO and the Land Degradation Neutrality Fund SLP.

This financing subscribed for redeemable preference shares with a fixed dividend rate of 6% increasing to 7% on 1st December 2020 as no further financing was secured by 30th November 2020, with equity warrant upside (to provide an overall greater than 70% equity like return).

On the 14th January 2021, the Company signed an amendment to the Preference Shares subscription agreement for a further US$16 million of new investment consisting of US$12 million from FinDev Canada and a further US$4 million from the Land Degradation Neutrality Fund SLP, increasing the previous US$48 million commitment to US$56 million whilst decreasing the existing commitments from CDC Group plc and Aqua Ventures FZE to US$8 million each.

As part of this amendment, the fixed dividend coupon was adjusted to 6.5% (previously 6% increasing to 7% from 1st December 2020), with additional equity warrant upside through additional warrants granted with 1 warrant granted for every $30 invested (previously $35).

The redeemable preference shares have voting rights equivalent to ordinary shares and a par value of $13.23.

The preference shares have been disclosed as a liability as they have a fixed dividend rate and provide for a constructive obligation to be redeemed by 31st December 2031, and as a result are considered a debt instrument rather than an equity instrument.