Annual Report

PRECIOUS WOODS

◀ **Cover:**
Aerial view of forest area in Gabon (Quarmyne©)
Back:
Forest path in the area of PW Amazon, Brazil

Precious Woods 2023 – Market-driven decline in sales

Decrease in sales to

56.4

EUR million

EBITDA margin

-9.1 %

Precious Woods is one of the world's larger companies active in the sustainable management and use of tropical forests. The images in this Annual Report provide insight into Precious Woods' manifold activities, emphasizing the company's principle of creating triple added value: environmental, social and economic.

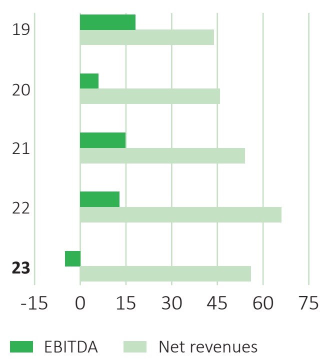
Key figures and information for investors

5-year summary of key financial data (in thousand EUR)

	2019	2020	2021	2022	2023
Net revenues	**44 380**	**46 186**	**54 299**	**65 866**	**56 401**
Depreciation, amortization and impairments	4 494	3 882	4 329	6 417	4 247
Depreciation and amortisation	2 239	3 922	4 317	4 115	4 350
Impairments	635	–40	12	2 302	–103
EBITDA	**18 450**	**5 769**	**15 066**	**13 332**	**–5 143**
in % of net revenues	41.6%	12.5%	27.7%	20.2%	–9.1%
EBIT	13 956	1 887	10 738	6 915	–9 390
in % of net revenues	31.4%	4.1%	19.8%	10.5%	–16.6%
Net result	**7 973**	**–2 181**	**4 685**	**965**	**–12 717**
in % of net revenues	18.0%	–4.7%	8.6%	1.5%	–22.5%
Balance sheet total	131 076	109 443	117 438	136 399	132 684
Shareholders' equity	**55 104**	**39 309**	**44 438**	**50 362**	**41 115**
in % of the balance sheet total	42.0%	35.9%	37.8%	36.9%	31.0%
Net indebtedness	**41 631**	**41 910**	**42 184**	**46 145**	**48 935**
Cash flow from operating activities	**3 806**	**5 868**	**6 049**	**6 348**	**2 665**
Investments/acquisitions	–4 650	–4 038	–2 332	–5 495	–1 707
Average full-time-equivalent employee	1 498	1 548	1 560	1 539	1 259

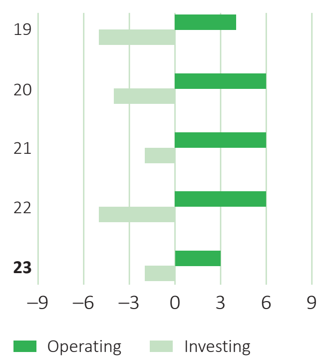
EBITDA and Net revenues

EUR million



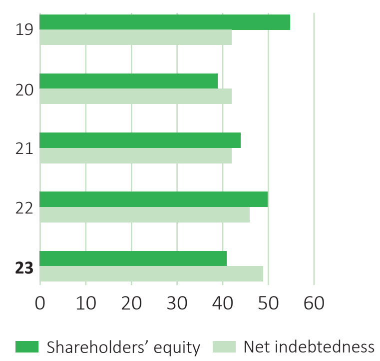
Cash flow from operating and investing activities

EUR million



Shareholders' equity and Net indebtedness

EUR million



Net revenues by business segment

2023
56.4
million EUR

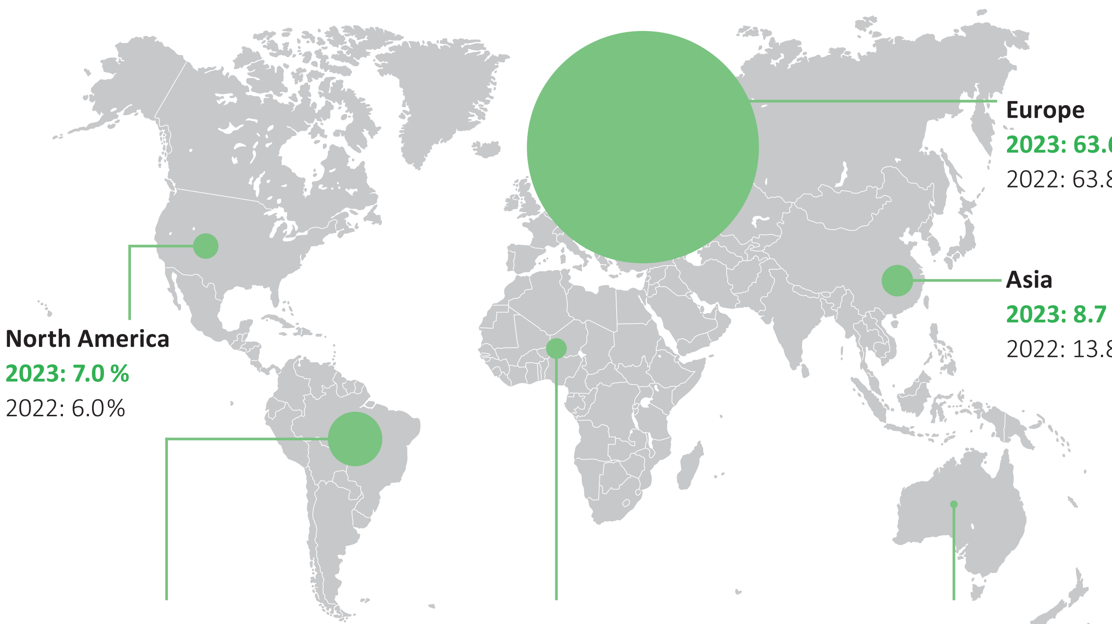
2022
65.9
million EUR

Sustainable forest management Brazil
2023: 27.0 %
2022: 29.5%

Sustainable forest management Gabon
2023: 60.9 %
2022: 60.5%

Trading
2023: 12.1 %
2022: 10.0%

Net revenues by market region



Europe
2023: 63.6 %
2022: 63.8%

Asia
2023: 8.7 %
2022: 13.8%

North America
2023: 7.0 %
2022: 6.0%

Latin America
2023: 15.0 %
2022: 13.5%

Africa
2023: 5.7 %
2022: 2.9%

Australia
2023: 0.0 %
2022: 0.0%

2023
56.4
million EUR

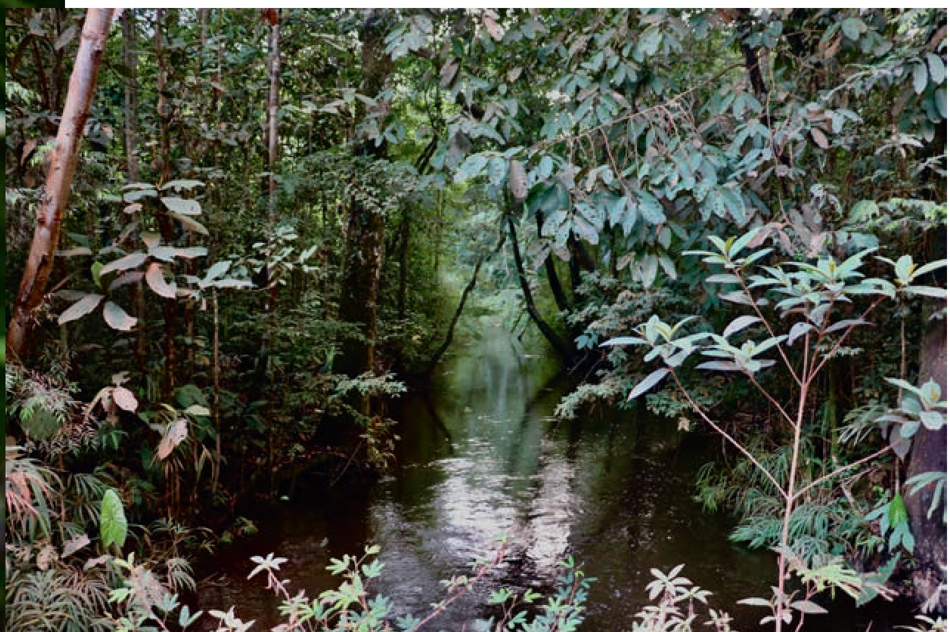
2022
65.9
million EUR

Contents

Shareholders' letter

Far-reaching restructuring measures were necessary due to slump in the construction sector.

Markus Brütsch, Chairman



Picture large + small: Forest area of PW Amazon, Brazil

To our shareholders

Markus Brütsch
Chairman of the BoD

Dear Shareholders

It was a great honour for me to take over as Chairman of the Board of Directors of Precious Woods from Katharina Lehmann in May 2023. In July 2023, I handed over the executive responsibilities I had held since 2014 to our two co-CEOs, Fabian Leu and Markus Pfannkuch. Both have been with Precious Woods for many years, most recently as Chief Technical Officer and Chief Sustainability Officer. It was a privilege to be able to build up the succession within our organization and to transfer the function of CEO into responsible hands. Our new CFO, Richard Meister, took over that role from me in October 2023. His expertise is an ideal complement for the management team, a team I am delighted to be able to continue to support.

It was not an easy task for the new management team, which assumed responsibility right at the beginning of the economic downturn. The abrupt decline in orders and the poor outlook for the following year required immediate action. Comprehensive restructuring at all our sites was necessary to ensure the continuation of operations. Unfortunately, this also meant that we had to cut about a third of our workforce. This decision pains us deeply, since we take our social responsibility very seriously and are aware of the impact on our employees in these regions. But only with a solid financial basis will we be able to grow again.

Decline in sales and large losses

Because of the current global economic situation, in particular the situation in the European construction sector, sales fell by 14.4 % from the previous year to EUR 56.4 million. Our customers still had inventories – and some of them even still do – which means that orders were not placed and we had to reduce our production volumes. This challenge affected all companies in our sector and, as a supplier of the first processing stage, we were hit first. Our segment reporting in the following chapters provides more information about the restructuring measures we are undertaking and their consequences.

Future timber demand

The World Bank estimates that timber demand, especially in the construction industry, will multiply in future. This growing demand cannot be met by plantation timber alone, which makes our task all the more important. We continue to strive to expand our activities. Contracting new concession areas with intact tropical forest areas, and in that way contributing to the protection of larger areas, is at the very top of our list of priorities. Equally important for our value creation is the further processing of timber products. The more we process, the higher the margins we can achieve.

The European Union has enacted the European Deforestation Regulation (EUDR), which will enter into force on 29 December 2024 with the aim of combatting deforestation. Given that Precious Woods practises sustainable forestry and has dual certification, this regulation is an advantage for us, since we already comply with the guidelines while others have yet to follow suit.

More difficult access to financing

The current economic situation has further exacerbated our liquidity situation. Because of our high level of debt and negative result, we have been negotiating with our lenders to suspend interest payments and examine refinancing options. Only by successfully reducing our current debt will we be able to generate new funds for value creation projects and expand our business activities. Already 10 years ago, it was recommended that we increase our own funds and have more sustainable debt on our balance sheet, but doing so was not feasible at the time. After the setback in 2023, however, this has now become absolutely necessary. Fortunately, our existing lenders – almost all of which are also significant shareholders of Precious Woods – are offering their support for such a solution. At the same time, we are working on selling non-essential fixed assets to reduce our debt burden. We are also actively looking for new potential financial backers who are prepared to join us in developing our business. Only with a sound financial basis will we be able to develop further.

Outlook and thanks

The 2024 fiscal year will remain difficult, but the restructuring measures are bearing fruit and we will overcome the downturn albeit at a lower production level.

On behalf of the entire Board of Directors, I would like to take this opportunity to thank our management teams in Switzerland, Brazil, and Gabon for their tremendous dedication and outstanding performance. The tasks and the business environment have been particularly challenging, requiring rapid implementation of restructuring measures, which the teams have managed exceptionally well. I would also like to thank our former and current employees for their enormous commitment and team spirit in this challenging situation.

I would especially like to thank my colleagues on the Board of Directors for their constructive and close cooperation, given the extra work that has been necessary for the committee, as well as for the full board.

Last but not least, on behalf of the entire Board of Directors and our employees, I would like to thank you, our shareholders and financial backers, for your loyalty and commitment to our enterprise. You motivate us to continue to fight for success and to fulfil our important environmental and social responsibilities. We look forward to welcoming as many of you as possible to our Annual General Meeting.

Yours faithfully

Markus Brütsch
Chairman of the Board of Directors

Sustainability

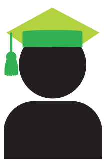
We take ecological and social responsibility seriously, even in difficult economic times.

Picture large: Morning atmosphere over the forest area of Gabon (Quarmyne©)
Picture small: Schoolchildren, Bambidie School, Gabon (Quarmyne©)

Precious Woods
When sustainability is more than words

Precious Woods is one of the largest companies in sustainable management of tropical rainforests globally and is regarded as a pioneer in many areas. Certification according to the standard of the Forest Stewardship Council (FSC) has been part of the entrepreneurial philosophy of Precious Woods for many years. Since 2017, the entire Group has also been certified according to the Programme for the Endorsement of Forest Certification (PEFC) standard. These standards define all essential criteria for sustainability in forestry. The certification schemes cover forestry processes as well as timber processing, trading, and social and environmental demands in the context of tropical forest management. Precious Woods thus guarantees 100 %-certified products from its PW Amazon, PW Gabon, and PW Holding operations. The core business is the production and sale of certified sawn and semi-finished tropical timber products. Through its biomass power plant in Brazil, Precious Woods also sells certified emission reductions (CERs) by utilizing residual wood from production. The aim of all activities is a high level of customer value while preventing deforestation of tropical forests through sustainable management and the associated local added value. Economic success ensures the social and environmental sustainability of activities and is essential for the long-term conservation of tropical forests. The Precious Woods Group is headquartered in Switzerland and employed around 1 300 people in Brazil, Gabon, Switzerland and the Netherlands at the end of 2023.

Indicators training
2023 (2022)



Training hours
352 (773)

Training hours per employee
0.3 (0.5)

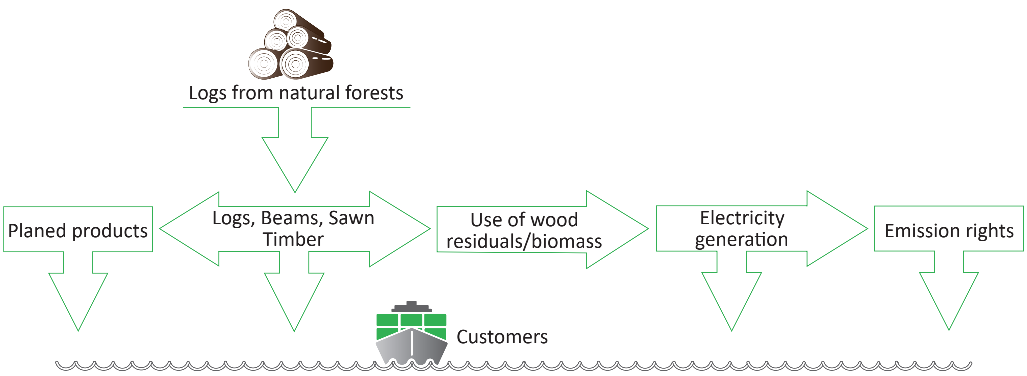
Vision

As an economically successful company, Precious Woods creates jobs and supports local communities and contributes to the long-term preservation of tropical forests and their positive impact on sustainability goals such as biodiversity and the natural water cycle through sustainable forestry as well as the processing and the marketing of the resulting products.

Products and markets

Precious Woods produces and sells logs and sawn timber (beams, poles, boards), planed products, and veneer made from high-quality tropical timber from more than 60 tropical tree species. Our main global target groups are the shipbuilding and hydraulic engineering sector, garden, building and road construction, door and window manufactures as well as outdoor furniture manufacturers. Thanks to continuous public campaigning by prominent non-governmental organizations, awareness of the negative environmental, social, and economic consequences of exploitation of tropical forests is increasing and leading to a positive change in framework conditions. This development offers Precious Woods – with its consistent strategy aimed at sustainability – a growing market share.

Market orientation and continuous optimization of the value chain



Thanks to its holistic approach ranging from sustainable forest management and timber production to marketing, Precious Woods promotes certification of the whole chain of custody and complete traceability. The procurement of additional timber products for Precious Woods' own trading focuses on forestry and processing companies that are also certified. Lesser-known species of wood are continuously tested and introduced on the market. For that purpose, Precious Woods examines applications for about 60 different timber species and puts this knowledge into practice to satisfy customer and market demands. At the same time, these activities preserve the integrity of the tropical forests. Thanks to all these factors, Precious Woods makes sustainable and long-term management possible.

Goal of sustainable growth

Following acquisitive growth between 2000 and 2008, the company has since aimed at organic, sustainable growth. Due to the market situation, a restructuring programme was initiated in 2023, although the strategy of organic and sustainable growth was maintained. In order to secure its operational activities, Precious Woods must have sufficient liquidity to absorb seasonal fluctuations and political risks. Not least of all, Precious Woods wants to secure 100% certification according to the highest standards in all its activities.

Management organization with strong market orientation

Precious Woods consists of four business units and a Group Management that focuses on the realization of strategic goals, sales, marketing and communication, as well as financial management and control. These areas as well as their activities and results are documented in detail in this annual report.

Sustainable forestry in all dimensions

Selective logging is not at all equivalent to sustainable forestry. FSC- and PEFC-certified tropical forest management as practiced by Precious Woods is based on careful planning and selection of the trees to be harvested, without endangering the diversity of tree species, the forest structure, or the regenerative capacity. Average logging at Precious Woods is 1 to 3 trees per hectare, depending on the country, during a cycle of 25 or 35 years. The legal foundations would permit a far higher logging quota, which would allow lower production costs. But this is not an option for Precious Woods, because we would then be unable to fulfil our environmental or social responsibility. Our activities are independently verified each year and documented by scientific studies. In this way, we demonstrate that timber can be harvested in tropical forests without negatively affecting or endangering the ecosystem. Quite the contrary: this sustainable forestry contributes to the preservation of forests that might otherwise fall victim to other forms of forest use. Thanks to this insight, it is possible to secure employment and generate local added value even in tropical regions.

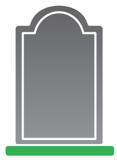
Since 2019, Precious Woods has published a separate sustainability report, which can be found on our website. Since 2022, the report was aligned with the Global Reporting Initiative (GRI) guidelines.

Indicators Health and safety
2023 (2022)

Accidents at work
143 (93)

Accidents per 1000 employees
114 (60)

Days lost per accident
11.7 (9.0)



Fatal accidents at work
- (-)

Indicators employees
2023 (2022)

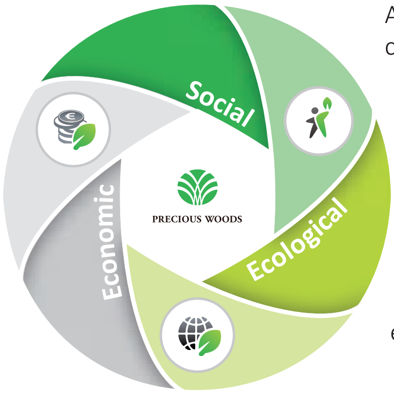
Number of employees
total (yearly-Ø)
1 259 (1 539)

Brazil
585 (797)

Gabon
658 (727)

Europe
1 (1)

Corporate
15 (14)



At the same time, Precious Woods makes a wide range of contributions to improving local earning opportunities and ensures social added value not only through the creation of jobs, but also through targeted basic and continuing on-the-job training in Brazil and Gabon, schools, health clinics, social projects as well as other infrastructure in remote tropical forest areas. In doing so, the company makes an important contribution to economic and social development and stability in these regions. Precious Woods actively aims to improve the living conditions of its employees, their families, and the communities.

Added value in ecological terms means managing Precious Woods' forest areas consistently with sustainable practices to preserve these renewable natural resources – including their biodiversity – also for future generations. The social and environmental engagement of Precious Woods is also described in detail in the reports on the individual business segments.

		Brazil	**Gabon**
Forest area	in ha	572 892	596 823
Net forest area	in %	88	87
Employees		585	658
Communities		9	44
Harvest volume per year	in m^3	180 000	200 000
Harvested area per year	in ha	12 500	22 000
Harvest volume per ha	in m^3	13	10
Harvest cycle	in years	35	25

Market opportunities thanks to sustainability certificates

The PEFC and FSC certification standards go beyond the minimum requirements of legality, setting out more extensive demands in regard to environmental and social sustainability in forestry as well as an uninterrupted chain of custody. The increasingly stringent legal requirements in importing countries will benefit trade in sustainably certified timber in the medium term. The loss of many certificates in Russia and Belarus in 2022 led to a reduction of the total forest area under FSC certification by almost 20%. At the beginning of 2024, the global FSC-certified area amounted to 160 million hectares, which is roughly equivalent to the area of Germany, France, Spain, Sweden combined. Of the total FSC-certified area worldwide, only slightly more than 10% fell on tropical forests and afforestation. This means that these forests are still heavily underrepresented in FSC certification. Precious Woods manages slightly more than 6.8% of the total FSC-certified tropical forest area.

Contribution to the UN Sustainable Development Goals

In 2015 the United Nations adopted the 2030 Agenda for Sustainable Development with the 17 Sustainable Development Goals (SDG) as its central element covering a wide range of social, economic, and environmental development issues. Within the SDG, protecting biodiversity and guaranteeing the livelihoods of the local population are addressed as priorities and targets for 2030. Precious Woods through its certified and sustainable activities in the Congo Basin and Amazon rainforest is a strong contributor to these Sustainable Development Goals.

Moreover, the 2015 Paris Agreement of the UN Framework Convention on Climate Change (UNFCCC) underlines that practicing sustainable forest management is a key element for limiting climate change and its impacts. This commitment was reinforced at the COP28 climate conference in Dubai in 2023.

Precious Woods Amazon: Close ties with the local population

In 1997, PW Amazon was the first FSC-certified company in Brazil. More far-reaching investments have been made not least of all in the fields of workplace safety, accident prevention, and training. We maintain partnerships with educational institutions in order to promote schooling as well as professional training for the employees, their families, and the local inhabitants of Itacoatiara (the neighbouring city with approximately 100 000 inhabitants) and the surrounding communities.

Precious Woods attaches great importance to good mutual understanding with the local population: In 2016, PW Amazon began a socioeconomic survey of the local communities, which is repeated every year. We draw on this survey to gain insights about environmental, ethnic, and religious aspects and the measures we should take to support the local population.

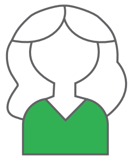
Precious Woods also organized capacity building courses and projects for the benefit of the local communities in 2023, which are described in more detail in the segment reports.

In cooperation with local and international universities and other educational institutions, we regularly accompany graduation theses and dissertations. In that way, we gain important insights into the impact of our activities, the regenerative capacity of our forest areas, and any potential for improvement. In doing so, we often succeed in attracting young managers for our locations in Brazil and Gabon.

Precious Woods in Gabon – Projects for the protection of flora, fauna, and biodiversity

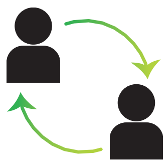
With the FSC and PEFC sustainability standards, PW Gabon goes far beyond other standards and legal requirements – for example in our monitoring and inspection of concession areas, the analysis of timber harvest and usage areas, as well as the professional and environmentally sound disposal of fuels, lubricants, batteries, and chemical substances. Over the past few years, an average of only 1–3 trees per hectare have been logged in the protected zones of the concession, corresponding to about 14 m^3/ha. Thanks to this gentle use, the share of the forest impacted by logging has been kept very low. Cutting, access roads, and loading areas take up less than 8% of the used area on average, which is two and a half times better than the average in Gabon as determined by a study of the Food and Agriculture Organization (FAO).

Precious Woods devotes special attention to wildlife protection: the company is involved in the training and education of its employees and the local population through its own fauna teams. In cooperation with several universities, PW Gabon also works to collect data on big game, the diversity of species, and other aspects of biodiversity. We also combat illegal activities, especially poaching as part of a public-private partnership with the NGO Conversation Justice and the Gabon government. In this context, it is important to prevent access via forestry roads and logging trails into the zones that have already been used.



Women
in %
8.2 (7.3)

Men
in %
91.8 (92.7)



Rate of employee
turnover
in %
5.2 (6.0)

Indicators Forest management 2023 (2022)

Forest protection total area in ha
1 169 700 (1 090 400)

FSC share of timber production sold in %
100 (100)

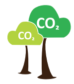
PEFC share of traded timber sold in %
88 (87)

Our contribution to ongoing protection of the forests

4 : 1

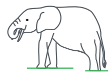
- Up to 4 m^3/ha/year growth in sustainably managed forests compared with less than 1 m^3/ha/year in protection zones
- 20 years measurement of wood volume growth

Carbon pool



- PW forests permanently store 330 000 000 tons of carbon
- Through our sustainable management we promote growth and thus generate an additional annual carbon uptake of 5.5 tons CO_2 / ha / year

Fauna / Flora



- Large populations of elephants and gorillas (Gabon)
- protection of biodiversity through RIL (reduced-impact logging)

Institutional framework as opportunity and challenge

The importance of tropical forests in carbon sequestration and the conservation of the enormous biodiversity is gradually becoming established in the public consciousness. The global community and tropical forestry are increasingly being viewed in the light of global resource depletion. When selecting suitable locations for its forestry operations, Precious Woods not only assesses availability, accessibility, and quality of the forest resources, but also places special emphasis on the framework conditions and reliability of the countries in question. Precious Woods respects the legal and institutional structures, local environmental and forestry policies, and relevant legislation, as well as their implementation in practice.

Illegal logging threatens certified timber trade and sustainable development

Illegal logging and trade grew to threatening dimensions at the beginning of the century, especially in tropical countries. A study by Chatham House estimated the global damage from illegal logging to producing countries at USD 15–20 billion annually. The consequences are deforestation, loss of biodiversity, increase in carbon emissions, but also often conflicts with indigenous peoples, violence, and human rights abuses. It is up to the producing as well as importing countries to prevent illegal logging and trade, as set out in the G8 Action Programme on Forests. Since then, various measures by governments and the private sector have been initiated. Implementation of these measures has started to produce results, but governments have been sluggish and have shown little care in implementing them.

Carbon Footprint

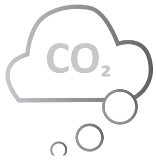
The carbon emissions generated by Precious Woods are recorded in three categories according of World Resources Institute (WRI) classification, in 2023.

	Total in tonnes of CO_2	18 842	99.9 %
Category 1	Direct emissions from fuel consumption	12 241	65.0%
Category 2	Indirect emissions from electricity consumption	79	0.4%
Category 3	Flights	330	1.8%
	Transportation	6 192	32.8%

The role of forestry in the current climate change debate

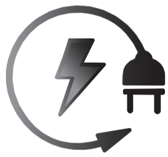
In the past two decades, more than 100 million hectares of forest have been degraded or converted into other land uses, particularly in the tropics. There are multitudinous causes: the continuing demand for land for commercial livestock farming and agriculture, slash-and-burn subsistence farming, the increasing exploitation of mineral resources in tropical forests, uncontrolled forest fires, illegal logging for firewood and sawn timber, or simply non-sustainable forestry. Deforestation has still been a cause for great concern in recent years. This is mainly due to its negative impact on global warming and the special climate regime of large forest massifs. Today, deforestation in the tropics and non-sustainable forestry contribute about 11% of global greenhouse gas emissions. After the adoption of the Paris Agreement in December 2015, the REDD+ concept (reducing emissions from deforestation and forest degradation, sustainable management of forests and enhancement of forest carbon stocks) has become a key component of carbon compensation schemes for preserving forests in tropical countries. Many countries with tropical forest areas, international organizations, NGOs, scientific institutes and companies are currently engaged in creating methods and capacities for such compensation schemes and projects. Sustainable forestry as applied and advocated by Precious Woods will play an important role in this regard. We will continue to pursue the development of REDD+ activities and are currently carefully considering participation in REDD+ compensation projects or other international initiatives.

Indicators Energy and emissions
2023 (2022)



Reduction of CO_2 emissions in t
19 730 (33 694)

Direct CO_2-emissions in t CO_2-equivalents
12 300 (16 500)



Electricity consumption in GJ
16 000 (21 600)

Fossil fuel consumption in GJ
167 300 (223 400)

Exquisite Milestones from Precious Woods

1990 Precious Woods is founded by Swiss Investors. The company begins in Costa Rica with reforestation of uncultivated pasture.

1993 With the founding of Precious Woods Ltd the private company opens its doors to shareholders.

1994–1997 Market entry in Brazil. Precious Woods Amazon is founded with the establishment of a sustainable forestry operation. In 1997, it is the first company in the region to be certified according to FSC-standards.

2002 PW Holding Ltd becomes a public company by being listed at the SIX Swiss Exchange.

2005 In Itacoatiara, Brazil, Precious Woods acquires 80% of BK Energia, a biomass power plant. In the same year, Precious Woods acquires the Dutch company A. van den Berg B.V., which continued to operate as Precious Wood Europe.

2006 Precious Woods sells its first carbon emission rights, thereby expanding its activities in the business segment of non-timber products from tropical forests.

2007 Acquisition of the forestry company Compagnie Equatoriale des Bois (CEB) and the veneer company Tropical Gabon Industrie (TGI) in Gabon.

2008 In October 2008, PW Gabon receives FSC-certification for its forestry operations and Chain of Custody (CoC) certification for its industrial activities (sawmill and veneer plant).

2011 In October 2011, partial sale of 75% of PW Central America to two existing Swiss shareholders is completed, leading to a partial debt reduction of the holding company.

2012 The remaining 25% stake in PW Central America is sold to the existing co-shareholders and the debt is further reduced. The Group sells 40% of its shares in BK Energia to the co-shareholder and now holds only 40% of the shares.

2013 The delisting from the SIX Swiss Exchange took place in August 2013. In November 2013, it was decided to dissolve the distribution company PW Europe in the Netherlands and to transfer the activities to PW Holding.

2020 We have entered into a new partnership for our veneer production (TGI) with effect from 1 October 2020. The new company Compagnie des placages de la Lowé (CPL) will strengthen Precious Woods' competences in Gabon.

2021 In May 2021, Precious Woods acquired 100% of the shares in the biomass power plant (formerly BK Energia Ltda.) and changed its name to MIL Energia Renovável Ltda.

A detailed version of the milestones can be found on our website (www.preciouswoods.com).

Precious Woods Group
Declining sales and a deep crisis in the industry

Precious Woods achieved consolidated net revenues of EUR 56.4 million in the 2023 fiscal year, 14.4 % below the previous year (EUR 65.9 million). Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR -5.1 million, or -9.1 %, a decrease of EUR 18.4 million from the previous year (EUR 13.3 million). Earnings before interest and taxes (EBIT) amounted to EUR -9.4 million, EUR 16.3 million lower than the previous year (EUR 6.9 million). The net result was EUR -12.7 million (previous year: EUR 1.0 million). The EBITDA and EBIT figures include markdowns in the valuation of biomass in the amount of EUR 2.5 million each.

in EUR million	2023	2022	Index	Change
Net revenues Precious Woods Group	**56.4**	**65.9**	**85.6 %**	**–9.5**
Net revenues Precious Woods Gabon	34.5	40.1	86.0%	–5.6
Sawmills	20.9	25.6	81.5%	–4.7
Net revenues Precious Woods Amazon	14.5	19.2	75.6%	–4.7
Sawmills	13.8	18.3	75.3%	–4.5
Net revenues Energy Biomass power plant	1.9	3.7	50.9%	–1.8
Net revenues Precious Woods Trading	6.8	6.6	104.1%	+0.3

Income statement
Total income

In 2023, the entire company achieved net revenues of EUR 56.4 million, a decrease of 14.4 % from the previous year (EUR 65.9 million). The reduction in quantities and volumes totaled 7.7 %, and shifts in the price/product mix affected sales by 2.7 % and there were virtually no effects from currency differences (>1 %). Electricity sales in Brazil amounted to EUR 1.9 million (previous year: EUR 3.7 million).

Net revenues
56.4
EUR million

The 2023 fiscal year was marked by a deep crisis in the construction supply industry. Demand on the timber markets deteriorated dramatically in the second half of the year, with timber prices falling to a lower level. The crisis in the construction sector due to the turnaround in interest rates and the associated construction loan crisis in Asia as well as the political unrest at production locations – but also in sales markets – further exacerbated the situation. The average prices of the order backlog in the first half of the year were still at the previous year's levels, but in light of the increase in price pressure, new orders were below the previous year's prices. In Brazil, production in the forest and sawmill continued to fall due to a lack of orders. Moreover, the Amazon River carried so little water at the end of the year that shipments came to a temporary standstill. This led to a prolonged interruption in deliveries. The further weakening of the EUR and USD against the Brazilian real resulted in higher consolidation costs and lower income in local currency. On 30 August 2023, a military coup took place in Gabon against the backdrop of the country's political tensions. President Ali Bongo Ondimba, whose election victory had been announced the day before, along with his entire government, were declared deposed, and Brigadier General Brice Clotaire Oligui Nguema was appointed interim president. This led to a temporary interruption of the local economy, especially in the Gabon Special Economic Zone, which in turn resulted in a standstill of supplies in the local sales market and consequently to high inventories, especially of logs. The consequences included liquidity bottlenecks and increased inventory costs. In addition, the night-time curfew imposed following the military coup meant that for about six weeks, sawmills were only able to work one shift.

The two veneer plants (CPL in Gabon – our 49 % stake) produced about 23 % less due to the partial interruption in the supply of logs and the fact that no work was carried out from 14 August to 10 September due to the upcoming elections. At the end of 2022, fuel prices in Gabon increased by almost 100 % in total over the previous year and are currently still at a very high level. Shipping costs per container also remained at a very high level for almost the entire year in both Gabon and Brazil. Due to the acute crisis, drastic measures had to be taken, and an extensive restructuring programme was initiated, which was largely completed in 2023. The measures primarily involve a reduction in the number of employees from 1 550 to 1 259. The associated one-off personnel costs amounted around to EUR 1.3 million.

The combination of the decline in sales and the rapid implementation of the restructuring measures resulted in a severe worsening of the already tense liquidity situation. Measures had to be taken at all possible levels to stop the outflow of funds and to generate additional cash. These measures have been effective, and the situation was stabilized at a low level by the end of the year.

Investment
1.7
EUR million

The investment volume in 2023 was EUR 1.7 million (previous year: EUR 5.5 million). Replacement investments were made in forestry and processing equipment and in vehicles. Despite the difficult financial situation, maintenance work was carried out as planned or even ahead of schedule at all plants.

Operational costs

Production costs increased disproportionately due to negative economies of scale and amounted to 64 % of sales, compared to 40 % in the previous year. Despite one-off effects, personnel costs fell by EUR 1.6 million, or 7 %, as a result of the restructuring measures.

Operating result (EBITDA)

EBITDA margin
-9.1 %

Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR -5.1 million, a decrease of EUR 18.4 million from the previous year (EUR 13.3 million). This corresponds to an EBITDA margin of -9.1 % (previous year: 20.2 %). The valuation for biomass in Brazil resulted in a negative effect of EUR 2.5 million in 2023.

EBIT margin
-16.6 %

PW Amazon recorded an EBITDA margin of -19.5 % (previous year: 46.6 %). Excluding the change in biomass, the margin would be -2.3 % (previous year: 25.2 %). At PW Gabon, the EBITDA margin was -0.6 % (previous year: 14.2 %). Consolidated depreciation was EUR 4.3 million (previous year: EUR 6.4 million). At Group level, earnings before interest and taxes (EBIT) amounted to EUR -9.4 million (previous year: EUR 6.9 million). This corresponds to a margin of -16.6 % (previous year: 10.5 %).

Financial result

Financial result
-3.7
EUR million

At EUR -3.7 million, the financial result was slightly above the previous year's level of EUR -3.5 million, primarily due to currency effects. At the end of the year, net debt was 48.9 million, EUR 2.8 million higher than the previous year (EUR 46.1 million). In the 2024 fiscal year, short-term liabilities of around EUR 17 million are to be refinanced, which are currently not yet secured. The Board of Directors and the Executive Board are working on solutions to secure this refinancing in a timely manner.

Net result
The net loss was EUR 12.7 million, compared to the previous year's profit of EUR 1.0 million.

Outlook for 2024
With our newly established cost structure, we have created the basis for significantly reducing our loss in 2024 despite the expected decline in sales, even under the difficult conditions of the ongoing crisis in the timber and construction industry, and we aim to break even at an operating level. The strategic objective includes stabilizing day-to-day business at a low level so that the necessary replacement investments can be made. We want to fulfil our mandate for profitable growth, even though external debt in relation to EBITDA is still very high. At the same time, the refinancing of existing loans remains a major challenge. We expect increased profitability in Gabon and Brazil in 2024 because we were able to implement most of the restructuring effects in 2023. We remain very cautious in our assessment of the market situation, in part due to the high interest rates affecting the construction industry and the fact that consumer sentiment is still subdued. Building and using wood is and will remain a trend, also due to the potential and climate contributions that wood can make as a construction material. We therefore expect a fiscal year that marks a turnaround towards a financially healthy company focused on its core tasks, able to withstand the upheavals of the global markets and create added value for customers and shareholders – in addition to our mandate of having a positive impact on the environment and society.

Balance sheet
Total assets amounted to EUR 132.7 million, EUR 3.7 million lower than the previous year, with the largest effect resulting from the loss for the year. In the area of current assets, inventories decreased by around EUR 4 million, while trade receivables totalled EUR 13.0 million (previous year: EUR 16.2 million). Biomass as well as the value of our forest area in Brazil are valued in Brazilian real and a large part of the existing loans at the level of the Holding are listed in Swiss francs in our books. This leads to translation differences in the consolidation.

Equity amounted to EUR 41.1 million (previous year: EUR 50.4 million). The equity ratio as of the balance sheet date was 31.0 % (previous year: 36.9 %). The biomass and forest area are revalued periodically every three years and, with the change of auditors, this evaluation was carried out again in 2023. In light of the current values, the assessment had a positive impact on equity. The difference between consolidated equity and the equity of Precious Woods Holding Ltd. amounts to approximately EUR 8 million in favour of the statutory accounts.

Cash flow from operating activities decreased by EUR 3.7 million to EUR 2.7 million. The change in working capital was EUR 5.3 million. Investments in tangible fixed assets amounted to EUR 1.7 million. Cash flow from financing activities was EUR -2.4 million.

Net result
-12.7
EUR million

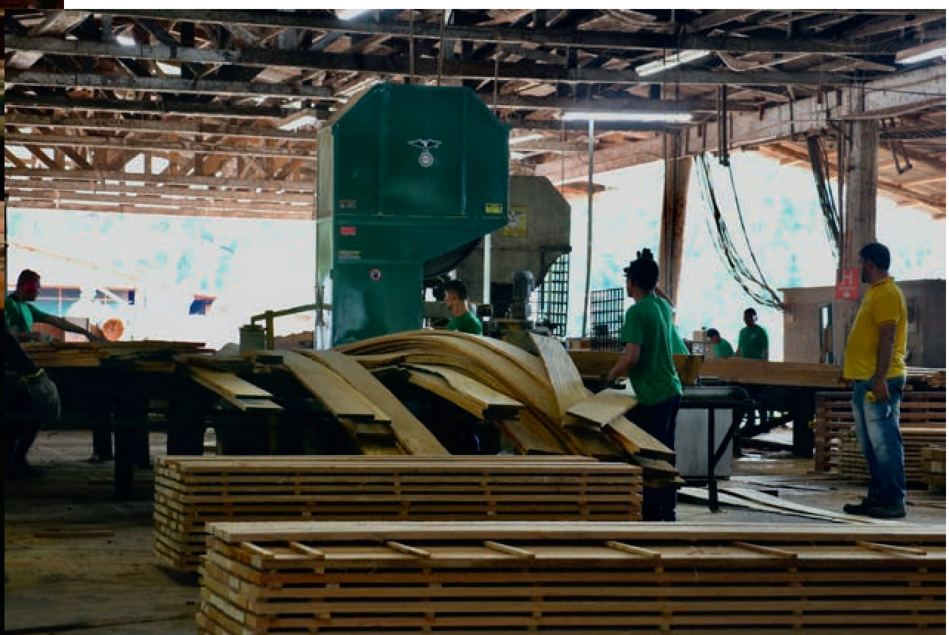
Total assets
132.7
EUR million

Equity
41.1
EUR million

Operational cash flow
2.7
EUR million

PW Amazon

Traceability is seamless, starting with the inventory in the forest right through to delivery.



Picture large + small: Sawmill PW Amazon, Brazil

Precious Woods Amazon
Business performance impacted by poor market situation

PW Amazon achieved net revenues of EUR 14.5 million, 24.4 % lower than the previous year (EUR 19.2 million) and at the same level as in 2021. Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR -2.8 million (previous year: EUR 8.9 million), corresponding to a margin of -19.5 % (previous year: 46.6 %). Earnings before interest and taxes (EBIT) amounted to EUR -3.7 million (previous year: EUR 8.3 million). This sharp reduction compared to the same period of the previous year is due to the value correction of biomass and a slump in the market for Brazilian wood species in mid-2023. EBITDA and EBIT in the 2023 fiscal year include an adjustment to the value of biomass in the amount of EUR -2.5 million (previous year: EUR 4.1 million).

in EUR million	**2023**	**2022**	Index	Change
Net revenues	14.5	19.2	75.6%	–4.7
EBITDA	–2.8	8.9	–31.7%	–11.8
EBIT	–3.7	8.3	–44.4%	–12.0

Key figures Environmental in 2023 (2022)

Energy consumption in GJ
66 500 (89 300)

Direct CO_2 emissions in t
3 800 (5 100)

FSC share for timber production sold in %
100 (100)

Reduced harvest volume and production volumes

The harvest volume for logs was 86 500 m^3, 46.8 % lower than in the previous year, which was primarily due to lower demand. The distance between the managed area and our plant was even further away than in previous years, namely 150 to 200 km, which led to additional costs. The temporary camp required for our employees was still in use and was only vacated at the end of the 2023 harvest season. In 2024, we will be working in regions that are less than 100 km away from the sawmill. The sawmill processed 137 700 m^3 of wood, 26.3 % less than in the previous year. This resulted in 31.8 % lower sawn timber production, totalling 28 400 m^3 (previous year: 41 700 m^3).

As the worldwide market situation for timber deteriorated, the baseline situation for our Brazilian timber worsened as well. Prices and order volumes began the year at roughly the same level as the previous year, but fell dramatically through mid-2023. While the downward trend came to a halt in the third quarter and a slight easing was observed towards the end of the year, the market situation will remain tense in 2024, even though incoming orders at the beginning of 2024 continued the slight upward trend. This new situation has necessitated a reorganisation at PW Amazon. Due to the drop in demand and prices, the quantities processed have been reduced, and the production of certain wood species and products has been halted. The sawmill accordingly discontinued several sawing lines and two-shift operation, and less wood was felled in the forest. All of this unfortunately also led to a reduction in personnel. This configuration has, however, proven itself in the difficult market situation and will be maintained in 2024, although we will be able to adjust the volume again at any time.

The operational adjustment and the focus on fewer but high-quality products was accompanied by a reduction to 554 employees (2022: 755). Unfortunately, this was necessary to make PW Amazon more resilient to crises and establish the basis for a successful future.

In 2023, we were again able to produce for the local market, allowing us to process non-exportable wood species with a higher yield. While prices for these products are lower than those for the export market, the additional opportunities and improved yield and diversification partially compensate for this disadvantage. The fight against illegal timber trade by the authorities was already active under the old government and is now being pursued even more rigorously.

Concessions to safeguard our activities

Until now, around 573 200 hectares of forests (own forest, public and private concessions) have been available for harvest. This enables us to rotate without restrictions until the end of 2034. We are also trying to sell parcels that cannot be harvested, are protected, or are located too far away.

New carbon project through forest protection

At the beginning of 2023, we launched a new carbon project with our Brazilian partner BRCarbon. Sustainable forest use prevents the forest from being used for other purposes or even cut down. This preserves the forest as a carbon sink and also serves as compensation for PW Amazon's contribution to forest conservation. The project is being developed under VERRA and CCB standards. Accordingly, it not only guarantees high-quality certificates, but also protects biodiversity and brings benefits for the local population. The distribution of the first certificates is planned for the end of 2024 or the beginning of 2025.

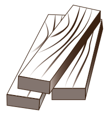
Summary of further activities

The total investment volume in Brazil amounted to approximately EUR 1.0 million, which was spent on road construction, vehicles, machinery and buildings.

The currency fluctuation of the real against the euro was lower than in previous years and inflation rates also fell to 4.7 % (2022: 9.3 %). At the beginning of 2024, exchange rates stabilized somewhat, but we cannot forecast how the currency will develop. The import costs of materials therefore increased disproportionately. Minimum wages are based on the official inflation index and increased by approximately 15 %.

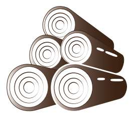
Legal rules and our commitment to the sustainable use of tropical forests require our company in Brazil to harvest many different species of timber. This continues to be a great challenge and also entails greater complexity for our operational activity. Our ongoing task is to establish and promote lesser-known and lesser-used timber species on the export markets, to examine their areas of application and to increase their familiarity. On the local Brazilian market, prices remain very low, and transport costs to the populated areas in the south of the country are high. There is also a lack of awareness in regard to legally produced timber, and we are competing in the domestic market with illegally logged timber and therefore cheaper sawn timber. As a consequence, our competitiveness on the local sales market remains limited, but it improved thanks to actions taken against the illegal timber trade. We regularly gain new customers for use of lesser-known wood species in Europe, the United States, and Asia. Increasingly, we are successful in educating customers, persuading them to buy these timber species, entering into promising partnerships, and opening up markets for products with specific applications or in connection with the special features of the wood species.

Key figures
Economic in m^3
2023 (2022)

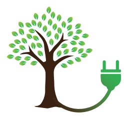


Sales sawn and industrialized wood
30 900 (37 600)

whereof export
18 100 (24 400)



Sales logs and piles
120 (140)



Sales biomass
51 600 (36 300)

Harvest volume
86 500 (185 000)

Key figures
Social in 2023 (2022)

Employees
554 (755)

Women in %
8.1 (7.4)

Men in %
91.9 (92.6)

Accidents at work
58 (18)

Days lost per accident
8.0 (10.9)

Training hours per employee
0.1 (0.1)

In the reporting year, there was no new information concerning the pending threat of two major fines dating back to 2002 and 2007. The threatened fine by the Brazilian environmental protection agency IBAMA and a threatened property tax fine continue to be legal cases that our lawyers are working on, and we expect that the matter can be resolved within the scope of provisions already set aside. A publication on the timber industry in Brazil published by the International Consortium of Investigative Journalists (ICIJ) in early 2023 also mentions legal cases at MIL Madeiras. However, the ICIJ's research refers to a public database that does not allow any specific statements to be made about legal cases. The publication therefore has no influence on our reporting on pending legal cases.

Precious Woods Amazon in brief

Precious Woods has been operating in the state of Amazonas, Brazil, since 1996. PW Amazon runs sustainable forestry operations on 572 892 hectares of its own land and concessions (as of the end of 2023) near Itacoatiara, 170 kilometres east of Manaus. PW Amazon also operates its own biomass power plant. PW Amazon has been certified according to FSC criteria since 1997. In December 2017, PW Amazon was additionally certified according to PEFC guidelines. Certified forests are managed sustainably on the basis of an audited harvesting plan under which only two or three trees per hectare of forest are harvested in a 35-year cycle. At the same time, this gentle and sustainable use generates a source of income for the local population, which in turn contributes further to the protection of the forest. The harvested timber is processed into sawn timber, planed timber, construction piles, and finished products at the company's own factory. The wood products are exported to Europe, the United States, and Asia as well as being sold on the local market.

Social and environmental sustainability continues to be at a very high level

Precious Woods Amazon passed the certification audits for FSC and PEFC in 2023 with excellent results. This means that MIL Madeiras has now been FSC-certified for 26 years and PEFC-certified for 7 years. This is a sustained confirmation of our pioneering role in forest certification.

We continue to work on a wide variety of research projects to deepen information on forest ecology and to optimize and document our resource-preserving forestry operations. We are also in close and intensive contact with the regional communities, allowing us to undertake useful joint projects. Supporting the local population and businesses through a wide range of development projects continues to be a focus of our social engagement.

In the reporting year we conducted the following activities:

- In 2023, the northern region of Brazil experienced one of its worst droughts ever. Many residents suffered from the low water levels in the rivers, which also made the population's access to drinking water and transportation logistics difficult. In light of this critical situation, PW Amazon donated wood for the construction of bridges and access platforms to the rivers.

- In 2023, PW Amazon organized a road safety campaign for employees and the local population in collaboration with the municipal specialist authority. The goal of this awareness-raising campaign was to reduce the number of accidents in general and prevent the death of wild animals.

- The agricultural development programme for local communities was also continued. The focus in 2023 was on providing technical support for sustainable farming methods and supplementing the traditional knowledge of the local population. Workshops were also held to explain the possibilities of local development loans to the communities.

- PW Amazon supported the local municipal authorities in cleaning up the public waste disposal site. Local residents were also offered training in waste management, with the goal of preventing environmental damage and the spread of disease.

- We also continue to support various environmental and sustainability research projects in collaboration with local universities and research institutions. One focus was on fauna, in collaboration with the Amazonas State University (UEA). One study examined the influence of forest management on the bird population, concluding that it is not adversely affected by sustainable forest management. A similar study was also carried out for mammals, showing that our management method sustainably protects the fauna.

Outlook for 2024

We expect a log harvest volume of about 156 000 m^3. While the production volume will be higher than in 2023, it will still be lower than in previous years. Due to the slowly improving market situation, sales will also increase, albeit still slightly below the level of 2021 and 2022. This is due in particular to the restructuring, which, in addition to reducing costs, aims to focus production on products that are better aligned with our opportunities. Due to these restructuring measures, only replacement investments will be made in 2024. New, local financing options are being launched in order to manage the replacement investments for machinery. Our ambition is, and remains, to also gain a foothold in the local Brazilian market with sustainably produced sawn timber products, and we are taking every opportunity to establish ourselves. At the same time, we want to maintain our long-standing relationships with clients and partners and intensify and expand our activities in our traditional European, North American, and Asian markets.

PW Gabon

Both forest management and industrial capacities had to be reduced.

Picture large: Sawmill PW Gabon, Gabon (Quarmyne©)
Picture small: Forest worker of PW Gabon (Quarmyne©)

Precious Woods Gabon
Market-driven decline in production and sales

PW Gabon generated net revenues of EUR 34.5 million (previous year: EUR 40.1 million), corresponding to a decrease of 14.0 % from the previous year. Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR -0.2 million (previous year: EUR 5.7 million). The EBITDA margin was -0.6 % (previous year: 14.2 %). Earnings before interest and taxes (EBIT) amounted to EUR -3.4 million (previous year: EUR 0.4 million). This corresponds to a margin of -10.0 % (previous year: 0.9 %). While the change of government had no discernible impact, the market downturn with a low point in mid-2023 was the main factor behind the negative result. As a consequence, the scope of the restructuring at PW Gabon was expanded and activities were further reduced, but this will not have an impact until 2024. Sales of logs to the CPL veneer plant are consolidated, but sales of veneer are made through the holding company and are credited to the PW Gabon segment.

in EUR million	2023	2022	Index	Change
Net revenues	34.5	40.1	86.0%	–5.6
EBITDA	–0.2	5.7	–3.4%	–5.9
EBIT	–3.4	0.4	–938.6%	–3.8

Key figures Environmental in 2023 (2022)

Energy consumption in GJ
112 700 (149 000)

Direct CO_2 emissions in t
8 500 (11 400)

FSC share of timber production sold in %
100 (100)

Operational successes despite difficulties

The harvest volume in 2023 was 162 800 m^3 (previous year: 228 900 m^3), a decline of 28.9 % from the previous year. Alongside a partial reduction in the availability of fuel, this decline is mainly due to the fact that the harvest volume was reduced in time in anticipation of the market situation, with the aim of saving costs and preventing inventory build-up. In one of the three harvesting zones we currently manage, the main harvest is the hardwood Azobé. We built a specialized sawmill for this wood species in 2020. The sawmills in Bambidie processed a total of 92 150 m^3, a decrease of 38.9 %. Sawn timber production amounted to 36 900 m^3 (previous year: 54 900 m^3) – a decrease of 32.8 %. Yield rose by 3.7 percentage points, corresponding to an increase of 10 %.

As the worldwide market situation for timber deteriorated, the baseline situation for our Gabonese timber worsened as well. Prices and order volumes began the year at roughly the same level as the previous year, but fell dramatically through mid-2023. While the downward trend came to a halt in late summer and a slight easing was observed towards the end of the year, the market situation will remain tense in 2024, even though incoming orders at the beginning of 2024 continued the slight upward trend. The 2023 fiscal year was again overshadowed by above-average increases in the cost of diesel fuel. This is relevant for our forestry machinery but especially for the power generation for our facilities in Bambidie. Starting the middle of 2022, prices increased every month, peaking at almost double the 2021 level by the end of the year. We can assume that fuel prices will fall slightly, but that they will continue to lead to high additional costs. All of these factors have led to a change in our baseline situation, necessitating a reorganization at PW Gabon. Due to lower prices, certain tree species could no longer be processed into sawn timber, and certain sawn timber qualities were removed from the product range for the same reason. The Okoumé sawmill accordingly switched to single-shift operation, while the Azobé sawmill continued to work in two shifts and as a consequence less timber was cut in the forest. The new setup has proven itself in the difficult market situation and will be maintained in 2024, although we will be able to adjust the volume again at any time. The initial restructuring initiated in 2022 was accordingly extended due to events in the 2023 fiscal year and will not be completed until 2024. The associated operational adjustments and the focus on fewer but high-quality products were accompanied by a reduction to 658 employees (2023: 727). Unfortunately, this was necessary in order to make PW Gabon more resilient to crises and establish the basis for a successful future.

We can achieve further cost reductions by reducing camp operations. Most of our workforce will now live in the nearby city of Lastoursville. At the end of 2023, 140 employees and their families were still living in the camp, and this number will be substantially reduced further over the course of 2024.

In August 2023 after the elections, the military seized power; fortunately, the coup was peaceful. The new government has announced elections for mid-2025, which is important for the international acceptance of the country. The new government has so far attached great importance to working closely with civil society and business representatives, and it has started to advance important infrastructure projects. We are not feeling any negative impact of the change of power and are even seeing some positive signals. Nevertheless, the new situation is of course a factor of uncertainly. We are monitoring the situation closely and are in close contact with official representatives.

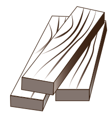
As in previous years, we suffered greatly from obstacles beyond our control. Road conditions did not always allow deliveries to the port. At the beginning of 2023, a landslide caused a railroad interruption of several weeks, resulting in major delivery delays. In general, the reliability and availability of rail transport remained low, and the mining companies continued to be prioritized. This led to additional costs, because we had to switch to truck transport whenever possible. Rail transport will continue to be unreliable, and we have to invest more in road transport. The new government has already started repair work on the road to Libreville. We are also in the process of planning a joint road construction team with several other forestry companies, which could ensure year-round road transport.

The inventory for the new forest management plan for the years 2025 – 2049 was completed in mid-2023. In autumn 2023, we presented the requisite studies to the authorities. These form the basis for the new management plan and renewal of the existing concession. The studies were validated, and we can continue with the development of the new management plan. We have already started to carry out the full inventory in the future harvesting regions. All other requirements have already been met, and we are therefore optimistic that the new management plan will be approved soon. We need this secured commitment in order to move forward with investments in energy production as well as sawn timber processing and value creation. The worldwide market situation also calls for accelerated investment in further processing of sawn timber. Local processing of sawn timber is becoming more and more important strategically, also to increase our margins and reduce costs.

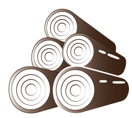
PW Gabon's total investments in the amount of EUR 0.8 million were used for forestry machinery, vehicles, and inventory.

Production in the forest and in the sawmills was affected by the market downturn, with a low point in the middle of the year. As a result, all activities were halted in the third quarter for a month. This saved costs and prevented inventory build-up. In addition to high costs, the storage of certain tree species also has an impact on timber quality. All forestry and sawmill companies in Gabon that we are aware of had to resort to these or even more drastic measures last year.

Key figures Economic in m³
2023 (2022)



Sales sawn and industrialized wood
38 000 (47 000)



Sales logs
66 500 (81 700)

Harvest volume
162 800 (228 900)

Key figures
Social in 2023 (2022)

Employees
658 (727)

Women in %
7.1 (6.1)

Men in %
92.9 (93.9)

Accidents at work
82 (73)

Days lost per accident
14.4 (8.5)

Training hours
per employee
0.3 (0.8)

Successful launch of reforestation business line

As reported at last year's Annual General Meeting, we were able to launch our new reforestation business line in the first half of 2023. Our conclusions so far after the first year have been thoroughly positive. We were able to submit bids for two further projects and are now in the final phase of the tenders.

Many projects and activities

FSC and PAFC certification audits for forestry management and for chain of custody (CoC) were carried out successfully at our two sites in Bambidie and Owendo. With this continued high level and our dual certification, we remain the pioneering company in sustainable forest management in the tropics.

In addition to our certification activities, our projects in the past year included the following:

- At the beginning of the school year, we carried out another school supplies campaign. Educational resources procured in large quantities were given to the children of our employees at reduced prices, enabling them to start school successfully.

- PW Gabon was once again very present in the media. An FSC media team visited us as part of a larger project to portray our activities. Following initial publications in trade journals, publications in major international media will follow starting in March 2024. Swiss Radio and Television produced a report on PW Gabon at the end of 2023, which was broadcast at the beginning of 2024 and received very positive feedback. The greatest success, however, was the broadcast of a report on "The Guardians of the Forest – Gabon" on ARTE, in which PW Gabon was portrayed as a role model.

- The P3FAC-AFRITIMB research project was continued. The goal of this project is to study forest dynamics in the Congo Basin and to better understand the interrelationships in the context of sustainable forest management. In order to provide researchers with reliable reference data, we have excluded one zone from forest management especially for the purpose of gaining these insights. The data continues to be provided to the AfriTRON and RAINFOR global research projects. Other research projects of universities and NGOs from Gabon, the Netherlands, Belgium, the United States, Germany, France, and Switzerland were also actively supported, including our research project for cultivating and planting rare tree species in our own tree nursery.

- In addition to the existing measures to protect our employees, the focus in 2023 was on optimizing our equality and anti-discrimination measures. New contact points were appointed within the company, and whistleblowing platforms were established. These contact points and platforms guarantee anonymity and protection against reprisals. Training, awareness-raising measures, and poster campaigns were also carried out.

Precious Woods Gabon in brief

PW Gabon consists of two companies: CEB (Compagnie Equatoriale des Bois) and CPL (Compagnie des Placages de la Lowé) held by TGI. The purpose of the latter, which resulted from a merger in 2020, includes continuing the activities of the former company TGI (Tropical Gabon Industrie, veneer plant). Precious Woods now holds a 49 % stake in CPL.

Since 2007, Precious Woods has been managing a tropical forest in Eastern Gabon across a concession area of 596 800 hectares. In 2014, a protected area of 19 900 hectares was additionally separated out. CEB employs 658 persons and CPL about 200. Each year, depending on demand, approximately 180 000 to 240 000 cubic metres of logs are harvested. The company operates according to a sustainable forest management plan that ensures that no more timber is harvested per hectare than will grow back within a harvest cycle of 25 years. PW Gabon currently runs two sawmills and a small moulding plant in Bambidie, the centre base of our Gabonese forestry operation. The CPL rotary veneer factories for Okoumé veneer and selected hardwoods are located in Owendo, the port city neighbouring Libreville. The main export markets for PW Gabon's manufactured timber products are Europe, South Africa, Latin America, and Asia. PW Gabon's forestry operation has been FSC-certified since October 2008 and the veneer chain of custody since January 2010. The forestry operation has also been PAFC-certified since 2017, and both operations were PAFC-certified for CoC in 2018.

Outlook for 2024

After deciding to focus on harvesting fewer wood species in 2023, our focus is now on processing Okoumé and Azobé. Following the restructuring, production volumes in the sawmills in 2024 will be below the previous year's level. Additional improvements in production processes will be implemented to further reduce costs. To alleviate the tense logistics situation in domestic transport, we are planning our own measures to secure the transport of sawn timber and logs. The market situation is increasingly improving, and production capacities for the first two quarters were already sold by February 2024.

PW Trading

Picture: Forest view from Kreuzlingen, Switzerland

Precious Woods Trading
Realised increase in sales

Net revenues from the trading business in the 2023 reporting year amounted to EUR 6.8 million, corresponding to an increase of 4.1 % from the previous year (2022: EUR 6.6 million).

Trading in logs and sawn timber from Europe complements the current product range of Precious Woods and expands our knowledge in the sales and procurement market. Trading supplements our core business, namely the processing and trading of tropical sawn timber and veneer from Brazil and Gabon.

in EUR million	**2023**	**2022**	Index	Change
Net revenues	6.8	6.6	104.1%	+0.3
EBITDA	0.1	0.6	17.1%	–0.5
EBIT	0.1	0.6	17.1%	–0.5

The main sales market for our traded logs and sawn timber is China. The demand for our product range fell in 2020 but increased again slightly in 2021 and recovered in 2022. The shortage of raw materials led to price increases, but transportation costs rose disproportionately. Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR 0.1 million (2022: EUR 0.6 million). The EBITDA margin was 1.5% (previous year: 9.1%).

For Precious Woods, trading activities in Europe are strategically important, because this activity secures expertise in the sales and procurement market and creates synergies with our other business areas in production. With this in mind, we now also work together with other suppliers in Gabon, some of whose production we market and thus also ensure part of our round timber sales.

Precious Woods Trading in brief

After the decision to shut down the trading activities of PW Europe, the administration of that Dutch company was taken over by PW Holding in Zug from 2014, and goods were delivered directly from the production plants in Brazil and Gabon. In 2014, activities were expanded to include the trading of certified European logs and sawn timber. This now complements our diverse range of products.

Key figures Environmental in 2023 (2022)

Direct CO_2 emissions in t
0.2 (0.2)

PEFC share
Sold in %
88 (87)

Key figures Economic in m^3 2023 (2022)

Sales logs and sawn wood
18 500 (15 900)

Carbon and energy

Picture: Biomass power plant, MIL Energia Renovável, Brazil

Carbon & Energy
Sale of energy and emission certificates

Net revenues from the sale of electricity in 2023 amounted to EUR 1.9 million (2022: EUR 3.7 million). Earnings before interest, taxes, depreciation and amortization (EBITDA) were EUR 0.2 million (2022: EUR 1.4 million), corresponding to a margin of 11.7 % (2022: 37.5 %).

in EUR million	**2023**	**2022**	Index	Change
Net revenues	1.9	3.7	50.9%	–1.8
EBITDA	0.2	1.4	15.9%	–1.2
EBIT	0.2	1.1	19.1%	–0.9

Emission certificates thanks to residual wood in Brazil

MIL Energia Renovável's 9-megawatt power plant, which has been fully owned by MIL Madeiras since May 2021, supplied in the past around 70% of the households of the neighbouring city of Itacoatiara with electricity. The power plant also supplies the production site of PW Amazon with about 2 MW. All of the power plant's electricity (heat for wood seasoning and electrical energy) is generated from the residual wood of the PW Amazon sawmill, i.e., renewable biomass. The company has been fully consolidated since 1 June 2021.

Itacoatiara has been connected to the regional electricity grid since March 2023. For MIL Energia, this means that electricity deliveries to other contractual partners are now crucial in addition to our own consumption. As the current electricity price in Brazil has fallen to an all-time low due to the availability of hydropower plants, we have been producing less electricity since March 2023 and selling the biomass we do not need to third-party customers. The biomass sales allow us to offset the losses from electricity sales that can no longer be realised. However, sales and earnings are expected to continue to decline as long as national electricity prices remain at a low level. As the availability of hydropower in Brazil is volatile, we can expect higher but also highly variable electricity prices in the future.

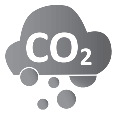
MIL Energia not only produces electricity and steam or heat. Our activities resulted in a total of 19 730 tons of CO_2 equivalents in 2023, which can be counted towards carbon reduction and thus contribute to global climate protection. The project ended after the maximum term of 21 years in October 2023. A new project for emission certificates at MIL Energia is not possible, as there are no longer any corresponding certification schemes available due to the changed initial situation after the grid connection. Due to a change in the methodology for biomass power plants before the end of the project, the certificates produced in 2021, 2022 and 2023 will not be marketed until 2025.

The biomass power plant in Itacoatiara remains very important for Precious Woods: firstly, from an operational perspective because this results in cheaper electricity and heat procurement costs; secondly due to the opportunity to sell residual wood from timber harvesting and as a by-product of the sawmill; and thirdly because complete utilization of the harvested wood makes an important contribution to avoiding CO_2 emissions and can therefore replace heat and power generation using fossil fuels.

Emission trading together with myclimate

This small-scale project was the first worldwide that generated emission certificates on the basis of sustainably harvested biomass from FSC-certified forestry activities. The woodchip power plant with 9 MW of electric output is located on the site of the sawmill of Precious Woods in Itacoatiara. Precious Woods owned 40% until the end of May 2021 and has since owned 100% of the shares.

Key figures Environmental in 2023 (2022)



Direct Co$_2$ emissions in t
32.0 (20.3)

Key figures Economic in m^3 in 2023 (2022)

Sales energy in MWh
26 200 (51 800)

Sales CER in t
0 (39 960)

Key figures
Social in 2023 (2022)

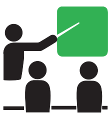
Employees
31 (42)

Woman in %
9.7 (10.7)

Men in %
90.3 (89.3)

Accidents at work
3 (2)

Days lost per accident
7.0 (12.5)



Training hours per employee
2.6 (2.8)

The plant produced up to 45000 MWh of electricity each year, for which otherwise about 10–15 million litres of diesel would be consumed. This could replace several diesel generators and theoretically provides the neighbouring city's approximately 100000 inhabitants with climate-friendly power. Thanks to the power plant, we benefit from low energy prices, a stable energy supply, and low-emission production. The waste heat generated during electricity production is used for the sawmill's kiln drying plant.

At full capacity, about 100000 tons of wood are required each year for the production of the plant's electrical and thermal power. This residual wood is delivered in the form of wood cuttings from forestry and industrial operations and sawdust from the sawmill. All this biomass comes from sustainable forestry in accordance with FSC guidelines. Prior to start-up of the plant, this residual wood was rotting in large piles on the property or in the forests. The sustainable use of the residual wood primarily substitutes fossil energy sources.

Precious Woods Carbon & Energy

The Precious Woods Carbon & Energy business segment comprises the trading of CERs and the operation of the biomass power plant MIL Energia Renovável in Itacoatiara, Brazil. After a partial ownership since 2012, Precious Woods took over 100% of the shares in May 2021. PW Amazon's sawmill is the sole biomass supplier of the power plant. The plant is listed as a climate-relevant project also because diesel was replaced by biomass and thus renewable energy. The project complies with the Clean Development Mechanism (CDM) of the Kyoto Protocol. The resulting emission certificates have been traded since 2011 by the myclimate[1] foundation on behalf of Precious Woods. The project ended in October 2023 after a maximum term of 21 years and cannot be renewed.

[1] myclimate is a Switzerland-based organization set up in 2002 to provide environmentally responsible solutions to individuals and companies. www.myclimate.org

Picture right: Biomass power plant, MIL Energia Renovável, Brazil

Veneer

Picture: Sawmill of Compagnie des Placages de la Lowé (CPL), Gabun (Quarmyne©)

CPL veneer plants
Market downturn and technical innovations

In October 2020, Precious Woods transferred the activities of the veneer plant in Gabon (TGI) into a joint venture with a French partner (PDG) and has since held a 49 % stake in the Compagnie des Placages de la Lowé (CPL).

Veneer production

The activities of TGI and PDG were merged because both would be too small on their own to meet the high demands of the European market or to make the necessary investments. Precious Woods' core competence lies in sustainable forestry and the initial processing of logs in sawmills. The strengths of the French partner lie in the production of veneer and plywood panels. Operations are currently still being carried out in the existing mills. In a further step, the activities are to be merged at the site of the former TGI in Owendo.

CPL processed about 47 860 m^3 of logs (previous year: 62 827 m^3) and produced 29 850 m^3 of veneer (previous year: 38 765 m^3). Precious Woods Gabon was almost the sole supplier to the plant. CEB sold a total of about 66 545 m^3 of logs (previous year: 81 500 m^3) to customers on the local market, with CPL accounting for about 37 740 m^3 or 56.7%. Various investments to increase productivity could not yet be completed as planned in 2023, and the difficult market situation continued to have a negative impact on the result.

Sales from veneer production are generated exclusively by Precious Woods Holding Ltd. PW Gabon's sales from the delivery of logs to CPL are not shown in the result at Group level because they were consolidated.

Key figures Economic in m^3 in 2023 (2022)

Sales rotary veneer
29 900 (38 700)

Key figures Environmental in 2023 (2022)

FSC-share of timber production sold in %
79.9 (92)

Corporate Governance

Precious Woods can count on experienced teams at all locations who have been living the mission of sustainability for years.

Picture large: Growing the tree seedlings in Gabon (Quarmyne©)
Picture small: Tree seedlings Azobé (Quarmyne©)

Corporate Governance

Clearly defined lines of responsibility and a high degree of transparency are vital factors in the success of Precious Woods' efficient business management and strong, responsible corporate culture. We believe that by embracing the principles of corporate responsibility we are benefiting all stakeholder groups of Precious Woods: shareholders, employees, customers, suppliers and communities.

Some sections contain cross-references to other chapters in this Annual Report and to Precious Woods' website (www.preciouswoods.com) in order to avoid repetition. The following abbreviations are used:

BoD = Board of Directors
GM = Group Management

1. Group structure and shareholders

Precious Woods consists of four operational business segments: sustainable forestry in Brazil, sustainable forestry in Gabon, Trading and Carbon & Energy. For more information about the individual segments, please refer to pages 20 to 39 of the Annual report.

Precious Woods Holding Ltd was the only listed company within the Group. The delisting from the SIX Swiss Exchange took place on 9 August 2013. Precious Woods Holding Ltd has its headquarters in Zug. More information about Precious Woods' shares can be found on page 47 of this report. For more detailed information about the holding company and the direct subsidiaries (name, headquarters, share capital and percentage ownership), please refer to note 1 and 5 of the Financial Statements of PW Holding. A list of shareholders with more than 3% of the voting rights can be found in note 23 of the Consolidated Group Financial Statements. There are no cross-shareholdings or shareholders' agreements. Further information on shareholders is published on our website (Investor Relations – Share information) and on the website of private bank Lienhardt & Partner and the OTC-X Berner Kantonalbank.

2. Capital structure

The ordinary share capital on 31 December 2023 stood at CHF 7 052 745 (7 052 745 registered shares at CHF 1.00 each).

Since 18 May 2017, the conditional share capital amounted to CHF 1 396 638 (1 396 638 shares with a nominal value of CHF 1.00 each) in accordance with Article 3a of the Articles of Association. No change occurred in 2023. As of 31 December 2023, the conditional capital amounts to CHF 1 396 638 (1 396 638 shares with a nominal value of CHF 1.00 each).

The company has a capital band between CHF 7 052 745 (lower limit) and CHF 8 452 745 (upper limit) according to Article 3c of the Articles of Association. The Board of Directors is authorized to increase the share capital at any time until 17 May 2028 up to a maximum amount of CHF 1 400 000 once or several times and in any amounts. The capital increase can be carried out by issuing a maximum of 1 400 000 registered shares with a nominal value of CHF 1.00 each, to be fully paid up. In 2023, no capital increase was carried out from capital band. More information about the capital structure can be found in note 22 of the Consolidated Group Financial Statements.

3. Board of Directors

The BoD is responsible for strategy and organizational development and supervises and controls the operational management. It defines the Group's business principles and keeps itself regularly informed about the company's business performance. The BoD is authorized to make decisions on all matters that are not reserved for the Annual General Meeting or are conferred to another governing body of the company by law, the Articles of Association or other regulations.

The members of the BoD of Precious Woods contribute experience and expertise from a wide range of different fields and have both the skills and the time required, to ensure that they can critically and constructively engage with the GM and are able to form independent opinions. Members of the BoD are elected by the Annual General Meeting for a term of one year.

The BoD is a self-constituting body and appoints the Chair from among its own members for a term of one year. After reaching the age of 72, the respective member of the BoD will step down from its post at the company's next Annual General Meeting.

At the Annual General Meeting on 17 May 2023 Markus Brütsch, Jürgen Blaser, Robert Hunink and Werner Fleischmann were due for re-election. They were re-elected for a year on a proposal from BoD. In addition, Bernhard Pauli and Olivier Kobel were elected as new members of the Board of Directors. The composition of the BoD is as follows on 31 December 2023: Markus Brütsch (Chairman), Robert Hunink (Vicepresident), Jürgen Blaser (Member), Werner Fleischmann (Member), Bernhard Pauli (Member) and Olivier Kobel (Member).

Members of the Board of Directors

The Precious Woods BoD has six members. The following statement about the members of the BoD and their activities at Precious Woods and cross-involvements represents the situation on 31 December 2023.

Markus Brütsch
Swiss citizen, born in 1960
Chairman since 17 May 2023
BoD member since 2017, mandate ends in 2024

Other activities and interests:
- CEO / CFO of Precious Woods Holding Ltd. from January 2014 until June 2023 (CEO) / September 2023 (CFO)
- BoD member of Paul Reinhart AG
- BoD member of Reinhart Holding AG

Robert Hunink
Dutch citizen, born in 1953
BoD member since 2015, mandate ends in 2024

Other activities and interests:
- Former President of ATIBT (Association Technique Internationale des Bois Tropicaux), until October 2019

Jürgen Blaser
Swiss citizen, born in 1955
BoD member since 2015, mandate ends in 2024

Other activities and interests:
- Professor of International Forestry and Climate Change at University of Applied Sciences, Agricultural, Forest and Food Sciences
- Global Advisor on Tropical Forests, especially for the World Bank Group

Bernhard Pauli
Swiss and German citizen, born in 1967
BoD member since 2023, mandate ends in 2024

Other activities and interests:
- Head of department and study programme forest sciences at University of Applied Sciences, Agricultural, Forest and Food Sciences

Werner Fleischmann
Swiss citizen, born in 1955
BoD member since 2022, mandate ends in 2024

Other activities and interests:
- Owner and Managing Director of Fleischmann Immobilien AG, Weinfelden
- Owner of Fleischmann Liegenschaften AG and Werner Fleischmann AG, Weinfelden

Olivier Kobel
Swiss and French citizen, born in 1968
BoD member since 2023, mandate ends 2024

Other activities and interests:
- Owner and Managing Director of Kobel Advisory Services, Geneva

Committees of the Board of Directors

The whole Board of Directors monitors the concordance between budgets, finances and organization, examines the interim statements and the Annual Financial Report as well as the budget and oversees the relations with the external auditors. It is also the responsibility of the whole BoD to ensure the monitoring of the internal control system (IKS) and risk-management procedures as well as overseeing the processes for compliance with legal and regulatory requirements.

The Financial Committee, which covers the areas of finance and accounting, reporting and investor relations, consists of three members of the Board of Directors. It is chaired by Markus Brütsch. Werner Fleischmann and Olivier Kobel are the other members of the committee.

The Remuneration & Nomination Committee, which covers the areas of remuneration of the members of the Board of Directors and the Executive Board; personnel policy and strategy, consists of three members of the Board of Directors. Markus Brütsch is the Chairman. Robert Hunink and Bernhard Pauli are the other members of the committee.

The committees meet as often as necessary to fulfil their duties. Regular reports and proposals are submitted to the full Board of Directors.

The BoD met a total of thirteen times during 2023. Each meeting lasted between two and eight hours. The BoD keeps itself informed of business matters by means of consolidated, periodic, operational and financial reports. All relevant documents are made available to the BoD on a regular and timely basis. Chairman and co-CEO and CFO realized interim meetings and visited the local management in Gabon and Brazil regularly.

Further information about the decision-making process as well as the areas of responsibility and control mechanisms can be found in the bylaws, which are published on Precious Woods' website (Investor Relations – Corporate Governance).

4. Group Management

The GM under the leadership of the CEO is responsible for the operational management of the company. The organization, roles and responsibilities of the GM and its members are defined in the bylaws, which are set by the BoD. More information is available on the website (Investor Relations – Corporate Governance).

In the reporting year, the GM consisted of the members:

Fabian Leu (Intl. Executive MB HSG, MSc Intl. Forestry)
Swiss citizen, born in 1986

- Since 1 August 2021 CTO and from 1 July 2023 co-CEO of Precious Woods Group
- Before Technical Consultant of Precious Woods Holding and Managing Director Sawmills Bambidie, PW Gabon

Markus Pfannkuch (Intl. Executive MBA HEC, MSc Intl. Forestry)
German citizen, born in 1982

- Since 1 August 2021 CSO and from 1 July 2023 co-CEO of Precious Woods Group
- Before Technical Consultant of Precious Woods Holding and Forest Manager, PW Gabon

Stéphane Glannaz (Master in Marketing and Intl. Business)
French and Swiss citizen, born in 1972

- Since 1 October 2013, CCO of Precious Woods Group
- Before vice-president of Olam Intl. Ltd. Singapore, Timber Division and Head of Marketing and Sales

Richard Meister
Swiss citizen, born in 1982

- Since 1 October 2023, CFO of Precious Woods Group
- Before Group Controller, Uster Technologies AG, Uster

5. Compensation, shareholdings, loans

Employment contracts and the "Compensation Regulations for the Board of Directors of PWH" provide the framework for the compensation and stock option plans of the BoD, GM and the senior managers of the subsidiaries. In the case of services provided by members of the BoD in request of the company that are clearly outside the usual scope of Board activities, compensation is determined by the Board of Directors. Members can be compensated for their individual activities on the basis of effective time invested. Decisions regarding compensation and shareholdings for BoD and GM are made annually on the basis of the Compensation Regulations for the BoD based on market criteria.

The regulations mentioned as well as a detailed list of compensation granted to the members of the BoD and GM can be found on the website (Investor Relations – Corporate Governance), in note 25 of the Consolidated Group Financial Statements and in note 8 of the Financial Statement of PW Holding. All management personnel and employees are insured in accordance with the minimum legal requirements of the countries in which they are employed.

In 2022, no leave settlements, loans or other benefits have been granted to any of the members of the governing bodies.

No cash compensation, shares, options, loans or other payments are made to former governing body members. A list of shares held by members of the BoD can be found on the website (Investor Relations – Corporate governance) and in note 8 of the Financial Statements of PW Holding.

6. Shareholders' rights of participation

Shareholders of Precious Woods enjoy all the rights to which they are entitled to without any statutory restrictions on voting rights. There are also no clauses differing from the legal provisions regarding statutory quota. All shareholders entered in the share register four weeks before the Annual General Meeting are eligible to participate in the Annual General Meeting. No changes affecting voting rights are made to the share register after the mailing of invitations to the Annual General Meeting. Requests to add items to the agenda of the Annual General Meeting can be made up to 30 days before the ordinary Annual General Meeting. At the Annual General Meeting on 17 May 2023 all statutory items on the agenda were approved. The minutes of the Annual General Meetings are published on the website (Investor Relations – Annual General Meeting).

7. Changes of control and defense measures

The agreements with the members of the BoD and GM contain no statutory "opting-out" or "opting-up" clauses or clauses on changes of control with the following exception: Markus Brütsch has a change of control clause in the employment contract defining a half-year salary in addition to the notice period.

8. Auditor

The Annual General Meeting selects an external auditor that possesses the independence and professional qualifications as stipulated by law for the term of one fiscal year. Procedures and subject of the audit are in accordance with legal provisions. From the 2023 reporting year, KPMG AG, Zug, will act as Group auditor. The audit fees of KPMG and EY Gabon for the audit of PW Holding, the Group and the companies audited by them worldwide amounted to EUR 278 368 in 2023. In addition, Ernst & Young received audit fees and fees for non-audit services relating to the audit of the 2022 reporting year totalling EUR 185 378 in 2023. The Board of Directors monitors the efficiency and effectiveness of the external audit. Detailed information can be found in the bylaws, which are published on our website (Investor Relations – Corporate Governance).

9. Information policy

Precious Woods pursues a pro-active and transparent information policy. Shareholders of the company are informed regularly about current affairs through the Annual Report and the Half-Year Report. Precious Woods maintains an informative website (www.preciouswoods.com), which is updated on a regular basis.

Further information can be obtained from Communications (phone +41 41 726 13 16 or media@preciouswoods.com)

Information

Picture: Spider in the forest area of PW Amazon, Brazil

Shareholder information

Share capital

On 31 December 2023, the fully paid-in share capital of PW Holding amounted to CHF 7 052 745. It is divided into 7 052 745 registered shares with a nominal value of CHF 1.00 each. Additionally, the company has conditional capital of CHF 1 396 638 and authorized capital band of CHF 1 400 000 to cover option and conversion rights. Further information on the share capital can be found in note 1 to 3 to the 2023 financial statements of Precious Woods Holding.

Equivalent to 100 shares

Precious Woods is owner or concession holder of 572 892 hectares of forest in Brazil, and manages a forest concession in Gabon of 596 823 hectares. With the purchase of 100 shares, a shareholder had indirectly access to around 81 230 square meters of forests (2022: 69 987 square meters) in the Amazon and 84 623 square meters of forests (2022: 84 620 square meters) in Gabon in 2023.

Stock market listing

The shares of PW Holding were listed on the SIX Swiss Exchange in Zurich between 18 March 2002 and 9 August 2013. Between 12 August 2013 and 31 December 2021, the shares were traded via the OTC ZKB platform. Since 1 July 2021, tradability has been guaranteed via the private bank Lienhardt & Partner in Zurich and from 1 December 2021 via the OTC-X of the Berner Kantonalbank.

Stock type: registered share
Nominal value: CHF 1.00
Security number: 1 328 336
ISIN: CH0013283368

Share register information

(Entries, transfers, changes of address, etc.)
sharecomm ag
Europastrasse 29
CH-8152 Glattbrugg
Phone +41 44 809 58 58
Fax +41 44 809 58 59
preciouswoods@sharecomm.ch

Company headquarters

Precious Woods Holding Ltd
Untermüli 6
CH-6300 Zug
Phone +41 41 726 13 13
www.preciouswoods.com
office@preciouswoods.com

Stock price development

At the beginning of 2023, the share price started at CHF 10.00, followed by a slight increase to CHF 10.50 at the end of January 2023. In the following months, the share price fell steadily to a low of CHF 5.55 in October 2023. The share price recovered slightly by the end of the year, closing at CHF 6.00 on 31 December 2023.

Information for investors

		2019	2020	2021	2022	2023
Share price per 31.12.	in CHF	8.30	9.60	11.70	10.00	6.00
Stock market capitalization	in CHF million	59	68	83	71	42
Basic earnings per share	in EUR	1.13	–0.31	0.67	0.14	–1.80
Equity (book value) per share	in EUR	7.81	5.57	6.30	7.14	5.83
Assets per share						
Primary forest in Brazil (ownership and concession)	in m^2	670	718	700	700	813
Primary forest in Gabon (concession)	in m^2	846	846	846	846	847

PWG CEB
C
CT122250
NZ W G
65 519
20 P
JSC 162 WTN
AZ 0
PWG CEB
C
CT122250
NZ - WLG
65532
20P
AZO
JSC KR162 WTN
PWG CEB
C
CT122 250
NZ WLG
65 273
20 P
AZO
1
PWG CEB
C
CT122250
NZ WLG
65 475
20P
JSC KR 162 WTN
AZO
PWG CEB
C
CT122250
NZ - WLG
65488
20P
AZO

Precious Woods Group financial statements

Picture left: Sawn timber ready for delivery, PW Gabon

Consolidated statement of profit or loss

in thousand EUR	Notes	2023	2022 [1] (restated)
Sale of goods and services		67 862	80 216
Freight expenses and sales commissions		–11 461	–14 350
Net revenues	4	**56 401**	**65 866**
Gain/(loss) from changes in fair value from biological assets	11	–2 485	4 075
Change in inventory of semi-finished and finished products		–3 873	4 645
Raw materials		–12 457	–13 941
Consumables used	5	–13 106	–15 887
Other production costs	5	–4 255	–5 347
Personnel expenses	6	–21 105	–22 662
Other operating expenses	7	–5 309	–3 936
Other operating income	7	1 312	759
Share of profit/(loss) of associates	13	–266	–240
Earnings before interest, taxes, depreciation and amortization (EBITDA)		**–5 143**	**13 332**
Depreciation, amortization and impairment	8	–4 247	–6 417
Earnings before interest and taxes (EBIT)		**–9 390**	**6 915**
Financial income	9	433	111
Financial expenses	9	–4 173	–3 575
Earnings before taxes (EBT)		**–13 130**	**3 451**
Income tax (expenses)/income	28	413	–2 486
Net profit/(loss) for the period		**–12 717**	**965**
Allocation of net (loss)/profit:			
Equity owners of Precious Woods Holding Ltd		–12 663	1 003
Non-controlling interests		–54	–38
Basic earnings per share	24	**–1.80**	0.14
Diluted earnings per share	24	**–1.80**	0.14

[1] The consolidated statement of profit or loss was restated for 2022, please refer to Note 4.

Consolidated statement of comprehensive income

in thousand EUR	Notes	2023	2022
Net profit/(loss) for the period		**–12 717**	**965**
Defined benefit plans			
Remeasurement	29	–535	292
Tax effect on remeasurement		63	–35
Land revaluation			
Change in fair value	10	4 949	1 298
Tax effect on change in fair value		–1 683	–658
Items that will not be reclassified to profit or loss		**2 794**	**897**
Currency translation effects		685	4 083
Items that may be reclassified subsequently to profit or loss		**685**	**4 083**
Total other comprehensive income for the period		**3 479**	**4 980**
Total comprehensive income for the period		**–9 238**	**5 945**
Attributable to:			
Equity owners of Precious Woods Holding Ltd		–9 184	5 981
Non-controlling interests		–54	–36

Consolidated statement of financial position

in thousand EUR	Notes	31 December 2023	31 December 2022
ASSETS			
Current assets			
Cash and cash equivalents		1 648	3 022
Trade and other receivables	17	12 986	16 150
Inventories	15	15 630	20 018
Prepaid expenses	16	1 174	740
Total current assets		**31 438**	**39 930**
Non-current assets			
Property, plant and equipment	10	73 251	67 006
Right-of-use assets	21	865	1 603
Biological assets	11	18 554	19 931
Intangible assets and goodwill	12	4 433	4 417
Investments in associates	13	920	1 186
Non-current loans and investments	14	774	450
Other non-current assets		1 922	1 513
Recoverable taxes		527	363
Total non-current assets		**101 246**	**96 469**
Total assets		**132 684**	**136 399**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Trade and other payables	18	21 972	21 045
Current income tax payables		1 962	1 765
Current loans, interest payables and legal liabilities	19	25 329	16 399
Current lease liabilities	19, 21	560	856
Current liabilities due to employees	29	67	12
Current provisions	26	374	131
Total current liabilities		**50 263**	**40 208**
Non-current liabilities			
Non-current loans, interest payables and legal liabilities	19	24 390	31 169
Non-current lease liabilities	19, 21	304	742
Deferred tax liabilities	28	12 178	10 420
Non-current liabilities due to employees	29	3 464	2 739
Non-current provisions	26	969	759
Total non-current liabilities		**41 306**	**45 829**
Equity			
Share capital	22	5 731	5 731
Treasury shares		–30	–21
Additional paid-in capital		64 938	64 938
Revaluation surplus on land		32 361	29 095
Foreign currency translation reserve		–587	–1 272
Retained earnings		–61 289	–48 154
Equity attributable to owners of Precious Woods Holding Ltd		**41 124**	**50 317**
Non-controlling interests		**–9**	**45**
Total shareholders' equity		**41 115**	**50 362**
Total liabilities and shareholders' equity		**132 684**	**136 399**

Consolidated statement of changes in equity

in thousand EUR	Share capital	Treasury shares	Additional paid-in capital	Revaluation surplus on land	Currency translation effects	Retained earnings	**Total**	Non-controlling interests	**Total equity**
	Attributable to equity holders of Precious Woods Ltd								
Balance 1 January 2022	**5 731**	**–**	**64 938**	**28 457**	**–5 355**	**–49 414**	**44 357**	**81**	**44 438**
Net profit/(loss) for the period	–	–	–	–	–	1 003	**1 003**	–38	**965**
Other comprehensive income for the period	–	–	–	638	4 083	257	**4 978**	2	**4 980**
Total comprehensive income for the period	**–**	**–**	**–**	**638**	**4 083**	**1 260**	**5 981**	**–36**	**5 945**
Purchase of treasury shares	–	–21	–	–	–	–	**–21**	–	**–21**
Balance 31 December 2022	**5 731**	**–21**	**64 938**	**29 095**	**–1 272**	**–48 154**	**50 317**	**45**	**50 362**
Net profit/(loss) for the period	–	–	–	–	–	–12 663	**–12 663**	–54	**–12 717**
Other comprehensive income for the period	–	–	–	3 266	685	–472	**3 479**	–	**3 479**
Total comprehensive income for the period	**–**	**–**	**–**	**3 266**	**685**	**–13 135**	**–9 184**	**–54**	**–9 237**
Purchase of treasury shares	–	–9	–	–	–	–	–9	–	**–9**
Balance 31 December 2023	**5 731**	**–30**	**64 938**	**32 361**	**–587**	**–61 289**	**41 124**	**–9**	**41 115**

Consolidated statement of cash flows

in thousand EUR	Notes	2023	2022
Net cash flow from operating activities			
Profit/(loss) for the period		–12 717	965
Income taxes (income)/expenses	28	–413	2 486
Interest income	9	–323	–29
Interest expenses	9	2 789	2 620
Profit/(loss) for the period before interest and tax		**–10 664**	**6 042**
Depreciation, amortization and impairment	8	4 247	6 417
Impairment financial asset at amortized costs	9	–	3
(Profit)/loss on sale of non-current assets	7	–94	–69
Share of (profit)/loss of associates	13	266	240
Changes in provisions and liabilities to employees		1 317	198
Change in fair value of biological assets	11	2 485	–4 075
Other non-cash items		–166	256
Operating cash flow before working capital changes		**–2 609**	**9 012**
Decrease/(increase) in trade and other receivables		3 646	–1 987
Decrease/(increase) in inventories		4 449	–4 123
Decrease/(increase) in prepaid expenses		–391	406
Increase/(decrease) in trade payables, other liabilities and provisions		–1 960	3 747
Income tax (paid)/received		–468	–707
Net cash flow operating activities		**2 665**	**6 348**
Cash flow from investing activities			
Purchase of intangible assets	12	–153	–426
Proceeds from sale of property, plant and equipment		143	145
Purchase of property, plant and equipment	10	–1 663	–4 151
Proceeds from disposal of other non-current assets		38	98
Purchase of other non-current assets		–364	–1 188
Increase/(decrease) in recoverable taxes		–31	–2
Interests received	9	323	29
Net cash flow investing activities		**–1 707**	**–5 495**
Cash flow from financing activities			
Purchase of treasury shares		–9	–21
Proceeds from borrowings	19	1 542	4 072
Repayment of borrowings	19	–2 586	–2 486
Interests paid	19	–884	–1 295
Interests paid on lease liabilities	19, 21	–88	–127
Repayment of lease liabilities	19, 21	–405	–432
Net cash flow financing activities		**–2 430**	**–289**
Net increase/(decrease) in cash and cash equivalents		**–1 472**	**564**
Cash and cash equivalents, at the beginning of the year		**3 022**	**2 256**
Increase/(decrease) in cash and cash equivalents		–1 472	564
Translation effect on cash		98	202
Total Cash and cash equivalents, at the end of the year		**1 648**	**3 022**

Notes to the consolidated financial statements

1. Basis of presentation, consolidation and general accounting policies

Basis of presentation

Precious Woods Group (hereinafter referred to as "the Group" or "Precious Woods") is one of the leading companies in sustainable management of tropical forests globally. The parent company, Precious Woods Holding Ltd, has its registered office in Zug. The Group's subsidiaries are organized and operate under the laws of Brazil, Gabon, Netherlands and Luxembourg.

The consolidated financial statements for the Precious Woods Group have been prepared on a historical cost basis, except for leasing, biological assets and land, that have been measured at fair value, and in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements are presented in euros, as the Group's revenues, profits and cash flows are principally denominated in euros. All values are rounded to the nearest thousand (in thousand EUR), except when otherwise indicated. The functional currency of the parent company Precious Woods Holding Ltd is swiss francs.

Due to rounding, numbers presented throughout this report may not add up precisely to the totals provided. All ratios and variances are calculated using the underlying amount rather than the presented rounded amount.

Significant accounting judgments, estimates and assumptions

The preparation of the consolidated financial statements requires Group Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and of revenues and expenses during the reporting period. The resulting accounting estimates will, by definition, rarely equal the related actual results.

The estimates and assumptions, which may have a significant risk of causing a material impact on the consolidated financial statements, relate primarily to

- Biological assets (see Note 11),
- Leasing and right-of-use assets (see Note 21),
- Deferred income tax assets (see Note 28),
- Land titles in Brazil (see Note 10),
- Provisions (see Note 26),
- Contingencies (see Note 27),
- Defined benefit obligations (see Note 29) and
- Goodwill (see Note 12)

Going concern – Debt restructuring / refinancing

The company has significant financial liabilities that are due and payable until the end of 2024. The company is convinced to find a solution to restructure its financial situation and as such to fulfil all obligations with the existing lenders who are at the same time important shareholders with whom the company maintains close contact and regular exchange. Nevertheless, the liquidity of the Group is currently under pressure until having solved these obligations.

Based on the liquidity plan prepared by the Board of Directors and Group Management, the company is expected to generate sufficient cash to be able to operate for the next twelve months until 31 May 2025. However, based on the liquidity plan, the company will face difficulties in fulfilling its obligations from financing activities. Therefore, the Board of Directors is closely monitoring the company's solvency situation as well as assessing its liquidity position to take necessary actions to mitigate these risks. The Board of Directors is committed to act with the required urgency and will provide updates to stakeholders as appropriate.

After having successfully restructured the business in 2023 to the extent possible, the Group is taking further steps to address the uncertainties and improve its liquidity position, including exploring additional sources of financing, and seeking to refinance its current debt obligations. Measures that have been initiated but are not all fully completed yet include:

- Signed standstill agreement is in place with the current lenders until the end of 2024, a termination of the agreement as of 30 September 2024 is possible however Group Management does not have any indication of such intent by any lender.
- Board of Directors and Group Management developed a financial restructuring plan, which foresees to reduce the financial indebtedness and increase capital. A term sheet has been drafted and shared with lenders. There is ongoing discussion with lenders and the company is convinced to find a consensus with lenders.
- Group Management has started a project with the goal of divesting non-essential assets. For that purpose, mandates to external parties have been given and discussion with potential buyers have been initiated.
- Group Management has prepared a detailed 10-years business plan which is used to approach potential new investors.

The company's ability to continue as a going concern is dependent on its ability to generate sufficient cash flows from operations, ensure refinancing and/or restructuring of existing finance obligations and obtain additional financing to meet its obligations as they come due. The Board of Directors has not yet been able to raise sufficient additional financing to meet the financial obligations that will be due in 2024.

Consequently, there is a material uncertainty that raises significant doubts about the company's ability to continue as a going concern. If the company is unable to address these material uncertainties and to secure its liquidity position, it may be unable to continue as a going concern. If such a situation arises, the financial statements would need to be prepared based on liquidation values.

The Board of Directors and Group Management expects that the proposed measures will be successful, and their effects will be to strengthen the liquidity of the Group and assure its financial stability in the long term. Therefore, the Board of Directors and Group Management believe the going concern assumption of the Precious Woods Group is given.

New or revised IFRS standards, amendments and interpretations

Certain IFRS and interpretations were revised or introduced. The relevant ones for the Group are,

effective on or after 1 January 2023:

- *IFRS 17 Insurance contracts* – The new standard had no impact on the consolidated financial statements.
- *IAS 1 Presentation of financial statements: Disclosure of accounting policies (amendments and IFRS practice statement 2)* – This amendment had no impact on the consolidated financial statements.
- *IAS 8 Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates (amendments)* – These amendments had no impact on the consolidated financial statements.
- *IAS 12 Income taxes: Deferred tax related to assets and liabilities arising from a single transaction (amendments)* – This amendment had no impact on the consolidated financial statements.
- *IAS 12 Income taxes: International tax reform – Pillar two model rules (amendments)* – This amendment had no impact on the consolidated financial statements.

effective on or after 1 January 2024:

- IFRS 16 Lease (amendments) – effective on or after 1 January 2024 – no material impact expected
- IAS 7 Statement of cash flows and IFRS 7 Financial instruments (narrow-scope amendments) – effective on or after 1 January 2024 – no material impact expected
- IAS 1 Presentation of financial statements (narrow-scope amendments) – effective on or after 1 January 2024 – no material impact expected
- IAS 21 The effects of changes in foreign exchange rates (amendments) – effective on or after 1 January 2025 – no material impact expected
- IFRS 18 Presentation and disclosure in financial statements – effective on or after 1 January 2027 – no material impact expected

The material general accounting policies are as follows:

a. Currency

The subsidiaries' accounting records are maintained in the legal currency of the country in which they operate and which is their functional currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the transaction dates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized through profit or loss. The currency translations rates are presented in Note 30.

The financial statements of the subsidiaries have been translated from their functional currencies to the presentation currency (EUR).

b. Impairment of non-financial assets

The Group assesses at each year-end reporting date whether there is an indication that an asset may be impaired. Such assessment occurs on the basis of events or changes in circumstances, which indicate that the value of an asset may be impaired. If such indications exist, the recoverable amount will be determined for the respective asset. If the asset does not generate cash inflows that are largely independent from other assets, the recoverable amount is determined on the lowest group of assets for which cash inflows are separable. An impairment loss is recognized, if the carrying value exceeds the recoverable amount. The recoverable amount is the higher of value in use and fair value less costs of disposal. The impairment is recorded in the statement of comprehensive income.

All specific accounting policies may be found adjacent to the corresponding note on the following pages.

2. Financial risk management

In the normal course of business, the Group is exposed to changes in market risk, liquidity risk and credit risk.

Precious Woods financial risk management seeks to minimize potential adverse effects on financial performance.

Risk management is carried out by the Group finance department under conditions approved by the Board of Directors and Group Management. The Group Management takes decisions covering specific areas, such as foreign exchange risk, on a case-by-case basis.

Market risk

The market risk includes interest rate risk, foreign exchange risk and equity price risk.

Interest rate risk

Precious Woods has no significant interest-bearing assets. The Group's interest rate risk arises from loans. Loans issued at variable rates expose Precious Woods to cash flow interest rate risks.

Group Management's policy is to maintain its borrowings in fixed rate instruments. There was no material variable interest rate borrowing on 31 December 2022 as well as on 31 December 2023.

Foreign currency risk

Precious Woods operates internationally and is exposed to foreign currency risk arising from various currency exposures. The XAF is in a fix relation to the EUR. Most of the sales out from Gabon are denominated in EUR and largely all costs are in XAF. The sales out of Brazil are denominated in EUR and USD, the costs are in BRL. Therefore, the currency risk for the local books is given. Foreign currency risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency. Group loans are denominated in CHF, BRL, EUR and XAF.

To manage its foreign currency risk arising from future commercial transactions the Group may use forward contracts, transacted by the Group finance department. The Group did not use this instrument in the past two years.

The sensitivity analysis below is based on the exposure on 31 December based on assumptions that have been deemed reasonable by Group Management, showing the impact on profit or loss before tax as well as on equity. The Group uses historical volatilities of the currency pairs below to determine the reasonable shift.

The following table summarizes the Group's sensitivity to currency exposures regarding the positions in the statement of financial position of the main currencies on 31 December:

in thousand EUR	**31.12.23** Reasonable shift	**31.12.23** "Impact" on profit or loss before tax	**31.12.23** "Impact" on equity	**31.12.22** Reasonable shift	**31.12.22** "Impact" on profit or loss before tax	**31.12.22** "Impact" on equity
EUR/CHF	+/–10%	+/–296	+/–2 172	+/–10%	+/–531	+/–2 168
USD/CHF	+/–10%	+/–21	+/–1 003	+/–10%	+/–10	+/–1 033
USD/BRL	+/–15%	+/–21	+/–692	+/–15%	+/–73	+/–655
BRL/CHF	+/–15%	+/–0	+/–4 816	+/–15%	+/–0	+/–4 838
BRL/EUR	+/–15%	+/–4	+/–0	+/–15%	+/–4	+/–0
XAF/CHF	+/–10%	+/–41	+/–1 929	+/–10%	+/–247	+/–1 833

Price risk

Precious Woods is exposed to equity securities price risks because of unlisted investments held by the Group and classified as measured at fair value through OCI. For details about the exposure please see Note 14.

Liquidity risk

Liquidity risk management is centralized at the Groups head office and monitored through cash flow forecasts. The subsidiaries provide regular forecasts based on the expected cash-inflows and -outflows. Excess funds are pooled in accounts managed by the holding company. Cash deficits are funded by the holding company in general. Group administration raises the majority interest-bearing debt centrally. The Group seeks to reduce liquidity risks through sufficient cash reserves and credit facility arrangements.

The following table analyses the Group's remaining contractual maturities for financial liabilities:

in thousand EUR	Less than 1 year	Between 1 and 2 years	Over 2 years	**Total**	Carrying amount
31 December 2023					
Trade and other payables	21 972	–	–	21 972	21 972
Lease liabilities	618	300	4	922	864
Loans, interest payables and legal liabilities	26 873	27 123	433	54 429	49 719
Financial liabilities	**49 463**	**27 423**	**437**	**77 323**	**72 555**

in thousand EUR	Less than 1 year	Between 1 and 2 years	Over 2 years	**Total**	Carrying amount
31 December 2022					
Trade and other payables	21 045	–	–	21 045	21 045
Lease liabilities	948	505	415	1 868	1 598
Loans, interest payables and legal liabilities	17 757	10 850	25 689	54 296	49 166
Financial liabilities	**39 750**	**11 355**	**26 104**	**77 209**	**71 809**

Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions.

Where banks and financial institutions are concerned, generally independently rated parties with a minimum rating of "A" are accepted. Precious Woods has one main relation with a bank, which has a rating of "A+". Most of the sales are CAD (Cash Against Documents) or L/C (Letter of Credit) and if this does not apply and the customers are independently rated, these ratings are used. The Group has set up a policy to minimize credit risk and monitor its clients. Customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. The maximum exposure to credit risk is represented by the carrying amount of each financial asset. The Group monitors its account receivables at individual customer level by payment due date rather than the number of days from invoice date. No concentrations of credit risk are currently present. An allowance for expected credit losses is determined on both an individual and a collective basis. An individual allowance is determined when a customer disputes the amount due, or if further steps have been taken to recover the overdue amount. Collective loss allowances are determined based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. For detailed information see Note 17.

The Group's largest customer accounted for approximately 17% of net revenues, and the second largest and third largest customers accounted for 16% and 7% of net revenues (2022: 17%, 11% and 9%). The highest amounts of trade receivables outstanding per single customer amounted to 23%, 13% and 5% of the Group's trade receivables at 31 December 2023 (2022: 29%, 11% and 10%).

Group Management regularly receives the relevant information on sales per customer as well as on major outstanding receivables positions and can thus take the necessary steps to minimize customer credit risk.

There is no other significant concentration of customer credit risk.

Capital management

When managing capital, Precious Woods' objectives are to safeguard the Group's ability to continue as a going concern and to maintain an optimal structure to reduce the cost of capital. In order to reach these goals, Precious Woods issue new shares or sells assets to reduce debts. The mid-term target of the Group is to have an equity ratio of >40%. As per 31 December 2023, the Group's equity ratio decreased to 31%, from 37% at end of 2022. The Group's equity ratio compares the total shareholders equity to the total assets as presented in the consolidated statement of financial position. Capital is considered the equity attributable to holders of Precious Woods Holding. There were no changes in the Group's approach to capital management during the year.

Guarantees and pledges of assets

As of 31 December 2023, the Group has pledged assets as follows:

Land	EUR 28.0 million
Machinery and vehicles	EUR 1.1 million
Leased machinery and vehicles	EUR 4.3 million

As of 31 December 2022, the Group had pledged assets as follows:

Land	EUR 26.2 million
Machinery and vehicles	EUR 1.6 million
Leased machinery and vehicles	EUR 4.1 million

3. Financial information by segment

The activities of the Group are primarily organized and presented in four operating segments supported by a central corporate office. Group Management monitors and evaluates EBITDA of all segments separately for the purpose of making decisions about resources to be allocated and of assessing performance.

- *Sustainable Forest Management Brazil:* Activities in the field of sustainable management of tropical forests and the processing of tropical timber in Brazil
- *Sustainable Forest Management Gabon:* Activities in the field of sustainable management of tropical forests and the processing of tropical timber in Gabon
- *Trading:* trading of timber from external sources in Switzerland
- *Carbon & Energy:* Activities in the field of energy production from biomass and trading of certified emission reductions (CERs)

Precious Woods' forests in Brazil and Gabon are managed in a sustainable manner, which means that not more timber is harvested than can simultaneously grow back, and that the value of the forest is preserved. An integral part of Precious Woods' approach to sustainable forestry is the use of waste wood to produce electricity and the registration and sale of carbon emission reductions (CERs). In 2023, 19 730 tonnes of CO_2 equivalents were produced (2022: 33 700), while the sale of CERs is postponed to a later date due to new procedures and regulations (2022: 39 960).

Operating segments – for the year ending on 31 December 2023

in thousand EUR	Sustainable Forest Management Brazil	Sustainable Forest Management Gabon	Trading	Carbon & Energy	Other [1]	**Total**
Net revenues						
Third parties	13 602	34 352	6 827	1 620	–	56 401
Intersegment	895	104	–	256	–1 255	–
Total net revenues	**14 497**	**34 456**	**6 827**	**1 876**	**–1 255**	**56 401**
Gain from changes in fair value from biological assets	–2 485	–	–	–	–	–2 485
Profit/(loss) on sale of PP&E	82	12	–	–	–	94
Share of profit/(loss) of associates	–	–266	–	–	–	–266
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**–2 832**	**–193**	**102**	**220**	**–2 440**	**–5 143**
Depreciation and amortization	–955	–3 254	–	–19	–122	–4 350
Impairment charges/reversals	103	–	–	–	–	103
Profit/(loss) from operating activities (EBIT)	**–3 684**	**–3 447**	**102**	**201**	**–2 562**	**–9 390**
Financial income						433
Financial expenses						–4 173
Earnings before taxes (EBT)						**–13 130**
Income taxes	868	–296	82	–105	–136	413
Segment assets	**87 466**	**45 540**	**3 609**	**3 524**	**–7 455**	**132 684**
Investments in associates	–0	920	–	–	–	920
Capital expenditures	1 005	764	–	28	19	1 816
Segment liabilities	**47 574**	**49 113**	**2 700**	**168**	**–7 987**	**91 568**

[1] The eliminations and adjustments consist of the intersegment eliminations and the results from Precious Woods Holding Ltd, the Luxembourg entities and Precious Woods Management Ltd, which are not allocated to a specific segment.

Operating segments – for the year ending on 31 December 2022

in thousand EUR	Sustainable Forest Management Brazil	Sustainable Forest Management Gabon	Trading	Carbon & Energy	Other [1]	**Total**
Net revenues						
Third parties	15 808	39 878	6 556	3 619	5	65 866
Intersegment	3 365	173	2	65	–3 605	–
Associates and related parties	–	–	–	–	–	–
Total net revenues	**19 173**	**40 051**	**6 558**	**3 684**	**–3 600**	**65 866**
Gain from changes in fair value from biological assets	4 075	–	–	–	–	4 075
Profit/(loss) on sale of PP&E	31	38	–	–	–	69
Share of profit/(loss) of associates	–	–240	–	–	–	–240
Earnings before interest, tax, depreciation and amortization (EBITDA)	**8 938**	**5 698**	**596**	**1 380**	**–3 280**	**13 332**
Depreciation and amortization	–608	–3 366	–	–17	–124	–4 115
Impairment charges/reversals	–28	–1 965	–	–310	1	–2 302
Profit/(loss) from operating activities (EBIT)	**8 302**	**367**	**596**	**1 053**	**–3 403**	**6 915**
Financial income						111
Financial expenses						–3 575
Earnings before tax (EBT)						**3 451**
Income taxes	–2 216	–60	–92	–150	32	–2 486
Segment assets	**83 310**	**53 573**	**3 298**	**3 995**	**–7 777**	**136 399**
Investments in associates	0	1 186	–	–	–	1 186
Capital expenditures	2 697	1 848	–	17	15	4 577
Segment liabilities	**46 608**	**50 687**	**2 940**	**363**	**–14 561**	**86 037**

[1] The eliminations and adjustments consist of the intersegment eliminations and the results from Precious Woods Holding Ltd, the Luxembourg entities and Precious Woods Management Ltd, which are not allocated to a specific segment.

Geographic information

in thousand EUR		**2023**		**2022**
Net revenues				
Europe	35 848	63.6%	42 068	63.8%
Latin America	8 476	15.0%	8 874	13.5%
Africa	3 228	5.7%	1 887	2.9%
Asia	4 890	8.7%	9 092	13.8%
North America	3 959	7.0%	3 945	6.0%
Total net revenues	**56 401**	**100.0 %**	**65 866**	**100.0 %**
Location of non-current assets				
Switzerland	255	0.3%	327	0.3%
Brazil	75 222	74.3%	68 362	70.9%
Gabon	25 740	25.4%	27 752	28.8%
Total non-current assets [1]	**101 217**	**100.0 %**	**96 441**	**100.0 %**

[1] Non-current assets are stated without deferred tax assets, financial investments and post-employment benefit assets, if any.

Accounting policies

Operating segments are reported in the manner consistent with the internal reporting to the chief operating decision maker, which is the Group Management of Precious Woods. Group Management is responsible for allocating resources and assessing the performance of the operating segments.

4. Revenue from contracts with customers

in thousand EUR	2023	2022 (restated)
Sale of timber and roundwood	63 427	72 569
Sale of energy	1 876	3 593
Sale of certified emission reductions (CERs)	–	91
Sale of shipment services	2 559	3 963
Sale of goods and services	**67 862**	**80 216**
Freight expenses and sales commissions	–11 461	–14 350
Net revenues	**56 401**	**65 866**

The presentation of prior year's total revenues was restated to correspond to the presentation as of 31 December 2023. 'Sale of goods and services' as well as 'Freight expenses and sales commissions' are restated and presented gross while prior year's presentation was net.

Accounting policies

The Group generates revenues from sale of logs and sawn timber products and recognizes the revenue at a point in time when the goods are at the point the customer purchases them. Payment of the transaction price is due immediately at the point the customer purchases the goods, or within 30 days for account holding customers. For international sales the Group recognizes the revenue for goods at a point in time, according to the agreed Incoterms (International Commercial Terms).

MIL Energia Renovável (former BK Energia Itacoatiara) – a subsidiary of Precious Woods – generates electricity and CERs (Certified Emission Reductions) with its biomass power plant in the Amazon region of Brazil. The electricity produced is fed into the regional state electricity grid and measured on a monthly basis. The revenue is recognized at that point in time. Payment of the transaction is due within 30 days by the grid owner. The CERs are purchased by Precious Woods Holding. The produced CERs are recognized as inventory and valued at the lower of cost or net realizable value as long as the certification is not yet achieved, and sold afterwards.

5. Consumables used and other production costs

in thousand EUR	2023	2022
Fuel, oil and lubricants	7 575	8 392
Energy – third parties	22	15
Maintenance and spare parts	5 509	7 480
Total consumables used	**13 106**	**15 887**

in thousand EUR	2023	2022
Logistics, transportation costs and freight	1 084	1 627
Forest taxes & expenses	1 820	1 989
Insurances (production)	375	332
Rent and lease (production)	27	42
Company-produced additions to plant and equipment	–19	–136
Miscellaneous production costs	968	1 493
Total other production costs	**4 255**	**5 347**

6. Personnel expenses

in thousand EUR	2023	2022
Wages and salaries	14 456	16 286
Social security costs	3 166	2 854
Pension costs – defined contribution plans	–175	–58
Pension costs – defined benefit plans	321	297
Other employment benefits	3 337	3 283
Total personnel expenses	**21 105**	**22 662**

in thousand EUR	2023	2022
Forest and processing costs	14 775	16 730
Administration and other labour costs	6 330	5 932
Total personnel expenses	**21 105**	**22 662**

7. Other operating income and expenses

in thousand EUR	2023	2022
Other operating income		
Gain on disposal of fixed assets	100	69
Other income from associates	144	144
Other income	1 068	546
Total other operating income	**1 312**	**759**
Other operating expenses		
Audit fees	403	221
Legal and tax fees	291	289
Other consulting fees	327	394
Tax expenses (non-income taxes)	623	635
Travel expenses	716	468
Expenses for short-term leases	431	360
Communication and investor relations expenses	276	282
Distribution expenses	171	239
IT expenses	234	160
Insurances (non-production)	192	177
Change in expected credit loss allowance	138	15
Other administrative expenses	1 507	696
Total other operating expenses	**5 309**	**3 936**

Other administrative expenses contains building expenses and marketing expenses.

8. Depreciation, amortization and impairment

in thousand EUR	2023	2022
Depreciation of property, plant and equipment	3 124	2 718
Impairment of property, plant and equipment	–	2 004
Reversal of impairment of property, plant and equipment	–103	–12
Depreciation of right-of-use assets	920	1 088
Amortization of intangible assets	305	308
Impairment of goodwill	–	310
Total depreciation, amortization and impairment	**4 247**	**6 417**

9. Financial income and expenses

in thousand EUR	2023	2022
Financial income		
Interest income from associates	322	29
Other financial income	111	82
Total financial income	**433**	**111**
Financial expenses		
Interest expenses	2 789	2 620
Impairment of loans	–	3
Foreign-exchange losses, net	926	630
Other financial expenses	458	322
Total financial expenses	**4 173**	**3 575**

10. Property, plant and equipment

The carrying amounts of all assets summarized in property, plant and equipment, are as follows:

in thousand EUR	2023	2022
Land	54 907	47 715
Forest roads	3 477	3 875
Buildings and improvements	5 299	5 352
Machinery and vehicles	7 913	7 715
Furniture and fixtures	296	314
Construction in progress	221	193
Advanced payments for PPE	1 138	1 842
Total carrying amounts	**73 251**	**67 006**

The Group uses different valuation methods for its assets. Beside the land in Brazil and Gabon, which is presented at fair value according to the revaluation model of IAS 16 Property, Plant and Equipment, the assets are held at cost. The forests in Brazil are presented separately as biological assets, according to IAS 41 Agriculture and are further detailed in Note 11; as well as the leased assets, presented separately according to IFRS 16 Leases in Note 21.

a. Land at fair value

Precious Woods applies the revaluation model according to IAS 16 Property, Plant and Equipment for all its land assets. The carrying amount for those assets, if the cost model had been applied, would have been EUR 12.9 million (2022: EUR 12.6 million).

Reconciliation of carrying amount of level 2 land revaluation

in thousand EUR	2023 at Fair Value	2022 at Fair Value
At 1 January	47 715	42 332
Change in fair value	4 949	1 298
Reclassification from/to advanced payments for PPE	91	24
Currency effects	2 152	4 061
At 31 December	**54 907**	**47 715**

Accounting policies

The land value is measured at fair value with any changes in value recognized in other comprehensive income under revaluation surplus.

Land revaluation Brazil and Gabon

In 2022, the revaluations were performed by BDO Brazil for the land assets in Brazil and by A.N. Dengue for the land assets in Gabon. These valuators are not related to the Group and have recent experience in location and category of the land being valued. The valuation was based on the market value. The sales comparison approach is used to determine the market value of bare land without biomass. This approach consists of comparing the subject land to similar land sold in the recent past in an open market situation, and adjusting the value for market trends. This results in a market value for the land.

In 2023, the revaluation for the land assets in Brazil, which was again performed by BDO, led to an increase of the fair value by EUR 4.9 million to EUR 44.5 million. The average value increase in 2023 was 12.3% compared to previous year. The revaluation is based on a land area of 390 328 ha (2022: 388 678 ha). The reason for this slight deviation in land area is legal cases. Further information about these uncertain land titles is disclosed in Note 10b.

In Gabon, there were no indications of a price fluctuation for land in 2023; the fair value remained stable at EUR 10.4 million, as in 2022.

The fair value measurement for the land has been categorized as a level 2 fair value based on the inputs to the valuation technique used.

b. Other assets at cost

Beside the land, all other asset categories in property, plant and equipment are held at cost.

in thousand EUR	Forest roads	Buildings and improvements	Machinery and vehicles	Furniture and fixtures	Construction in progress	Advanced payments for PPE	**Total PPE at cost**
Cost							
At 1 January 2022	**10 676**	**15 361**	**28 697**	**1 193**	**887**	**2 112**	**58 926**
Additions	143	334	2 024	111	586	953	4 151
Disposals	–	–	–467	–3	–	–	–470
Reclassifications [1]	162	468	624	48	–1 302	–24	–24
Currency effects	350	213	760	40	22	207	1 592
At 31 December 2022	**11 331**	**16 376**	**31 638**	**1 389**	**193**	**3 248**	**64 175**
Additions	–	153	818	38	506	148	1 663
Disposals	–	–35	–218	–7	–	–	–260
Reclassifications [1]	–	33	4 217	22	–479	–1 040	2 752
Currency effects	214	125	526	31	1	177	1 074
At 31 December 2023	**11 545**	**16 652**	**36 981**	**1 473**	**221**	**2 533**	**69 404**
Accumulated depreciation and impairment							
At 1 January 2022	**6 760**	**8 596**	**21 839**	**952**	**–**	**1 225**	**39 372**
Charge for the year	503	624	1 515	76	–	–	2 718
Impairment charge	–	1 652	295	17	–	40	2 004
Reversal of impairment	–12	–	–	–	–	–	–12
Disposals	–	–	–391	–3	–	–	–394
Currency effects	205	152	665	33	–	141	1 196
At 31 December 2022	**7 456**	**11 024**	**23 923**	**1 075**	**–**	**1 406**	**44 884**
Charge for the year	501	274	2 266	83	–	–	3 124
Reversal of impairment	–12	–	–	–	–	–91	–103
Disposals	–	–33	–172	–7	–	–	–211
Reclassifications [1]	–	–	2 657	–	–	–	2 657
Currency effects	123	88	392	26	–	80	709
At 31 December 2023	**8 068**	**11 353**	**29 067**	**1 177**	**–**	**1 395**	**51 060**
Carrying amount							
At 31 December 2022	**3 875**	**5 352**	**7 715**	**314**	**193**	**1 842**	**19 291**
At 31 December 2023	**3 477**	**5 299**	**7 913**	**296**	**221**	**1 138**	**18 344**

[1] The reclassifications contain also reclassifications from/to land, leasing and from spare parts (Note 21)

For certain land acquired by Precious Woods in Brazil, the land title registration is not yet finalized. These transactions are disclosed as advanced payments for property, plant and equipment at historical cost. For advanced payments for land titles with a certain risk of losing the land, an allowance is recorded based on Group Management's estimate of the probability of not being able to prove the ownership of the land. Based on the continued efforts to clean the land titles from legal issues, Precious Woods had on the one hand not to reclassify additional land as advanced payments for property, plant and equipment (2022: EUR 0.0 million). On the other hand, advanced payments for property, plant and equipment have been reversed to land in the amount of EUR 90 900 (2022: EUR 23 800).

Accounting policies
In general, assets in property, plant and equipment are recorded at cost less accumulated depreciation and any impairment in value. Depreciation is applied using the straight-line method over the estimated useful life of the assets as follows:

Permanent forest roads	25 years
Buildings and improvements	3 to 25 years
Machinery and vehicles	4 to 10 years
Furniture and fixtures	5 to 10 years

The assets' residual values and useful lives and methods of depreciation are reviewed at each financial year-end and adjusted prospectively, if appropriate.

11. Biological assets

in thousand EUR	2023	2022
At 1 January	19 931	14 356
Change in fair value less cost to sell	–2 485	4 075
Currency effects	1 108	1 500
At 31 December	**18 554**	**19 931**

The forests of Precious Woods in Brazil are organized as one single forest management and are managed in a sustainable manner, which means that no more than the incremental growth will be harvested, and the substance of the forest will be preserved. As in prior year, independent experts of BDO Brazil did the external appraisal of the Group's naturally grown forests according to IAS 41 Agriculture and IFRS 13 Fair Value Measurement.

Accounting policies
Biological assets are measured at their fair value less costs to sell, with any resultant gain or loss recognized in the consolidated statement of profit or loss. The fair value of biological assets was estimated by applying the income approach, considering the discounted cash flow method. The income approach reflects current market expectations in relation to future values. The costs to sell are made up of harvesting, transporting and processing costs.

Valuation process
The Group has a team within the Internal Reporting department that performs the valuation of biological assets. The valuation is updated internally at the end of each reporting period. If indicators of major changes are noted, a new external independent appraiser is engaged to recalculate the fair value of the assets. When considering the appropriate input data, the team reviews available information such as quantity of tree harvest: expected yield, current market prices, expected harvest costs through to harvest and the expected timing of harvest.

The valuation policies and procedures, as well as changes in the fair value measurements are reviewed by the chief financial officer (CFO) annually. The CFO is responsible for the Group's internal valuation team. The Group's internal valuation team comprises two employees, both of whom hold relevant internationally recognized professional qualifications and are experienced in valuations in the forest industry.

Methodology and assumptions used in determining fair value
Since Group Management was able to provide reliable cash flow estimates, the Income Approach was utilized, specifically the Discounted Cash Flow (DCF) Method for determine the fair value of the biological assets. The DCF Method is a commonly used method for valuing biological assets based on its expected future cash flows.

The following significant assumption were adopted by the group to determine the fair value of the forest:

Volumes: The biological assets consist of a variety of naturally grown trees native to the region, which are cut from 50 cm in diameter and have a natural renewal cycle of 35 years. For value estimation and still considering the characteristics of the evaluated assets and the sustainable management, an annual exploration area of up to 10 000 hectares was considered. The exploration area of effective forest management area is calculated from the total area of forests owned by Precious Woods (in order to obtain the exploration approval) excluding 20 % of the permanent preservation area.

For the estimation of the fair value of the forest, a certain volume of exploration area was considered, according to the evolution through years and the Group Management's expectation of exploration for the coming years. The harvesting volume is calculated on effective quantities achieved after implementing process optimizations in this area with 17 m^3/ha/year (2022: 16 m^3/ha/year). The total harvesting volume is expected to be 170 000 m^3 (2022: 195 000 m^3). The actual harvesting volume for 2023 was 86 500 m^3 (2022: 185 000 m^3).

Volume adjustment factor: The logs will be transformed to sawn timber in various dimensions. An average yield factor was applied.

Prices: The average price applied on the volume to generate revenues were derived from the segregation between export or domestic market, type of product (commercial / non-commercial) and the corresponding prices. Generally, the costs contain cutting, transportation and processing as well as the depreciation expenses of the related fixed assets. For the export market, additional costs for drying and packaging are added. The majority of timber is for the export market and related to market prices.

Operating costs: The costs include all cost related to the sustainable forest management and the production cost in the industry.

Cost to sell: On top of operating cost there are cost for packaging, administration, sales activities and transportation respected, but no financial costs or income taxes.

Level 3 fair value
The valuation model considers the present value of the net cash flows expected to be generated from the natural forest management activities in the next 4 years. The forest for the 31 years remaining part of the cycle is regarded as non-productive forest, even if a harvesting will follow, as the forest is naturally re-generated during the cycle of 35 years. Therefore, the values remain stable if there are no major market price differences than the ones applied.

Key assumption used in the determination of the discount rate
In determining the after tax weighted average cost of capital (WACC) a group rate of 18.0% (2022: 18.0%) has been applied considering the following inputs:

	2023	**2022**
Unlevered beta factor	1.60	1.46
Risk free rate	0.6%	0.6%
Equity risk premium	22.7%	14.2%
Debt/Equity ratio	53.9%	38.9%
Tax rate	34.0%	25.0%

Sensitivity analysis

Assuming all other unobservable inputs are held constant, the following changes in these above assumptions will cause a change in the fair value of the forest:

in thousand EUR	FV	Effect
Assumption 31 December 2023	18 554	
Sales prices-5.0%	16 031	–13.6%
Costs +5.0%	16 942	–8.7%
Volumes-10.0%	16 399	–11.6%
Discount rate +50.0%	15 649	–15.7%

in thousand EUR	FV	Effect
Assumption 31 December 2022	19 931	
Sales prices-5.0%	17 085	–14.3%
Costs +5.0%	18 047	–9.5%
Volumes-10.0%	17 615	–11.6%
Discount rate +50.0%	16 853	–15.4%

The above sensitivity analysis shows how the present value of the discounted cash flows would be affected if the key valuation parameters were attributed other values than those that form the basis of the current valuation of the discounted cash flows. An increase by the same percentage would have the opposite effect on the valuation.

The Group is exposed to a number of risks relevant to its natural forest management activities, namely:

Regulatory and environmental risk: The Group has established environmental policies and procedures aimed at compliance with environmental legislation. Group Management performs regular reviews to identify environmental risks and to ensure that the management systems in place are adequate. The Group manages its natural forest in compliance with FSC and PEFC standards since 1994 and 2017 respectively.

Supply and demand risk: The Group is exposed to risks arising from fluctuations in the price and demand for log products. When possible, the Group manages these risks by aligning its harvest volumes to market demand. Group Management performs regular industry trend analyses to ensure that the Group's pricing structure is in line with the market and to ensure that projected harvest volumes are consistent with expected demand on a sustainable basis.

Climate and other risk: The Group's forests are exposed to the risk of damage from climatic changes, diseases and other natural forces.

12. Intangible assets and goodwill

in thousand EUR	Goodwill	Trademarks, licences and customer portfolios	Other	**Total**
Cost				
At 1 January 2022 [1]	266	14 152	7 168	21 586
Additions	–	395	31	426
Currency effects	31	266	154	451
At 31 December 2022	**297**	**14 813**	**7 353**	**22 463**
Additions	–	143	9	153
Currency effects	17	145	107	268
At 31 December 2023	**314**	**15 100**	**7 469**	**22 884**
Accumulated amortization and impairment				
At 1 January 2022 [1]	–	11 279	6 049	17 328
Charge for the year	–	282	26	308
Impairment	310	–	–	310
Currency effects	–13	84	29	100
At 31 December 2022	**297**	**11 645**	**6 104**	**18 046**
Charge for the year	–	282	24	305
Currency effects	17	46	37	100
At 31 December 2023	**314**	**11 972**	**6 165**	**18 451**
Carrying amount				
At 31 December 2022	–	3 168	1 249	4 417
At 31 December 2023	**–**	**3 128**	**1 305**	**4 433**

[1] Adjustment to the inital purchase accounting, gross to net

Other intangible assets mainly include forest concessions.

Accounting policies
Forest concessions are classified as intangible assets, as the right to direct the use of the concession is not with the Group, but with the government or the land owner. Other intangible assets have a finite useful life and are carried at cost less accumulated amortization and impairment loss. Amortization is calculated using the straight-line method to allocate the cost over their estimated useful lives of 12 to 50 years.

Valuation process for goodwill
The Group's impairment test for goodwill and intangible assets with indefinite lives is based on value-in-use calculations. The key assumptions used to determine the recoverable amount for the different cash generating units are disclosed in below. The projections are based on knowledge and experience and also on judgements made by management as to the probable economic development of the relevant markets.

Carbon & Energy
In 2022, the goodwill of EUR 0.3 million of MIL Energia Renovável Ltda. was fully impaired.

13. Investment in associates

Proportion of ownership in investment in associates

Associate	Country	31 December 2023	31 December 2022
Compagnie des Placages de la Lowé S.A.	Gabon	49%	49%

Compagnie des Placages de la Lowé S.A.

in thousand EUR	2023	2022
At 1 January	1 186	1 426
Share of profit/(loss) of associates	–266	–240
At 31 December	**920**	**1 186**

Precious Woods Tropical Gabon Industrie S.A., owned 100% by Precious Woods Group, entered on 1st October 2020 into an arrangement with Compagnie des Placages de la Lowé S.A., (formerly called Placage Déroule du Gabon S.A.), also a veneer producing company in Gabon, owned 100 % by Arbor Group, France. Precious Woods Tropical Gabon Industrie S.A. acquired 49% shares and voting rights in Placage Déroule du Gabon S.A. by contribution of net assets.

Precious Woods Group has no control or joint control over the investment but exercises significant influence.

Set out below is the summarized financial information for Compagnie des Placages de la Lowé S.A.:

in thousand EUR	31 December 2023	31 December 2022
Current assets	8 933	10 958
Non-current assets	6 308	6 430
Current liabilities	10 407	11 104
Non-current liabilities	3 734	4 028
Equity 100 %	**1 100**	**2 256**
Group's share in equity 49%	539	1 105
Goodwill	677	677
Elimination of unrealized profit on downstream sales	–296	–596
Group's carrying amount in the investment	**920**	**1 186**

in thousand EUR	2023	2022
Revenues	13 152	17 270
Cost of sales	–12 816	–15 667
Administration expenses	–864	–922
Financial result	–490	–477
Earnings before tax (EBT)	**–1 018**	**204**
Income tax (expenses)/income	–139	–182
Net profit/(loss) 100 %	**–1 157**	**22**
Net profit/(loss) 49%	–567	11
Change in elimination of unrealized profit on downstream sales	301	–251
Group's share of profit/(loss)	**–266**	**–240**

The associate had no contingent liabilities or capital commitments as at 31 December 2023 or 2022. There are no unrecognized share of losses relating to the above associate.

Accounting policies

Associates are entities, over which the Group holds 20 to 50 percent of the voting rights and exercises significant influence. The Group does not exercise control over their financial and operational policy decisions.

14. Non-current loans and investments

in thousand EUR	2023	2022
Non-current loans, associates	746	423
NIBO investment	29	27
Total non-current loans and investments	**774**	**450**

The loan to associates was granted in connection with the investment in Compagnie des Placages de la Lowé S.A.

The investment in Nederlandse Internationale Bosbouw Onderneming NV (NIBO) is placed in USD with a value of USD 27 306.

15. Inventories

in thousand EUR	2023	2022
Logs	4 682	5 662
Sawn timber	4 465	5 323
Industrialized products	1 723	2 053
Export products in transit	1 885	3 342
Consignment inventory	253	222
Certified Emission Reductions (CERs)	170	132
Biomass	–	10
Spare parts and other	3 520	4 983
Obsolescence reserve	–1 068	–1 709
Total inventories	**15 630**	**20 018**

Obsolescence reserve

in thousand EUR	2023	2022
At 1 January	1 709	1 470
Increase	1 081	935
Used	–472	–
Reversed	–1 262	–707
Currency effects	12	11
At 31 December	**1 068**	**1 709**

Accounting policies
Inventories are valued at the lower of cost or net realizable value. Logs and finished products are recorded at the average cost of production, less provision for losses, when applicable. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to make the sale. The cost of semi-finished and finished goods contains direct production costs including materials and production costs, as well as production overhead costs.

16. Prepaid expenses

in thousand EUR	2023	2022
Prepaid expenses, prospecting	267	219
Prepaid insurance costs	85	78
Other prepaid expenses	822	443
Total prepaid expenses	**1 174**	**740**

Prospecting costs are the costs incurred in the collection of data regarding the area to be harvested the next year.

17. Trade and other receivables

in thousand EUR	2023	2022
Trade receivables, third parties	7 334	9 251
Trade receivables, associates	3 787	4 174
Allowance for expected credit losses	–818	–670
Total trade receivables net	**10 303**	**12 755**
Other current receivables	2 683	3 395
Total trade and other receivables net	**12 986**	**16 150**

The carrying amounts of the receivables approximate to their fair values. Other receivables mainly contain credit balances from governments, therefore the expected credit loss is immaterial.

Allowance for credit losses for trade receivables

in thousand EUR	2023	2022
At 1 January	670	681
Increase of allowance for credit losses	219	81
Reversal of allowance for credit losses	–81	–66
Utilisation of loss allowances	–	–45
Currency effects	10	19
At 31 December	**818**	**670**

The exposure to credit risk is covered with the impairment for expected credit losses under IFRS 9 on trade receivables. It contains collectively assessed positions (Lifetime ECL), using the simplified approach, as well as individually assessed positions.

The individual allowances for credit losses include receivables past due more than 12 months, where the Group is in negotiation with the debtors for a solution.

The standard payment terms for trade receivables are in most instances Cash Against Documents (CAD) or Letter of Credit (L/C). The trade receivables are not interest-bearing, and the Group considers them to be credit impaired when internal or external information give cause for serious concern to receive the outstanding amount. The credit ratings for the lifetime ECL base on the aging buckets of the trade receivables. Taking into consideration the terms and conditions established with customers, the lifetime expected credit loss allowance for trade receivables is as follows:

in thousand EUR	Expected credit loss default rate	2023	2022
Not overdue	0.5–0.6%	8 499	10 965
Less than 30 days overdue	0.5–0.6%	1 551	2 382
31 to 60 days overdue	1.7–2.0%	795	15
61 to 180 days overdue	10.0%	224	37
More than 180 days overdue	15.0%	52	26
Total trade receivables gross		**11 121**	**13 425**
Allowance for individual impairments		–718	–589
Allowance for expected credit losses		–100	–81
Total trade receivables net		**10 303**	**12 755**

Accounting policies

The allowances base on the simplified approach of full life-time expected credit losses as defined by the impairment model of IFRS 9. To calculate these allowances the trade accounts receivables are clustered into ageing buckets and each of these buckets weighted with a certain percentage. Doubtful accounts are assessed individually to analyze if a significant increase in credit risk occurred and an individual impairment is needed. Indications for such impairments are substantial financial problems on the part of the customer, a declaration of bankruptcy, or a significant delay in payment occurring.

18. Trade and other payables

in thousand EUR	2023	2022
Trade payables, third parties	5 659	6 004
Trade payables, associates	440	2 501
Total trade payables	**6 099**	**8 505**
Other current liabilities, third parties	8 648	7 671
Other current liabilities, associates	406	406
Other current liabilities, related parties	693	477
Accrued expenses	6 126	3 986
Total other payables	**15 873**	**12 540**
Total trade and other payables	**21 972**	**21 045**

Further details about the financial risk management are described in Note 2.

19. Financial liabilities, other than trade and other payables

Carrying value of financial liabilities, other than trade and other payables

in thousand EUR	2023	2022
Loans, interest payables and legal liabilities	49 719	47 568
Lease liabilities	864	1 598
Total	**50 583**	**49 166**
Current loans	3 368	3 100
Current loans shareholders and related parties	21 961	13 299
Total current loans, interest payables and legal liabilities	**25 329**	**16 399**
Current lease liabilities	560	856
Total current	**25 889**	**17 255**
Non-current loans	1 732	8 952
Non-current loans shareholders and related parties	22 658	22 217
Total non-current loans, interest payables and legal liabilities	**24 390**	**31 169**
Non-current lease liabilities	304	742
Total non-current	**24 695**	**31 911**
Total	**50 583**	**49 166**

Details about the financial risks are described in Note 2.

The changes in liabilities from financing activities are detailed below:

in thousand EUR	Current financial liabilities	Non-current financial liabilities	**Total**
At 1 January 2022	**33 421**	**11 019**	**44 440**
Cashflows			
Cash inflow	2 081	1 991	4 072
Cash outflow for lease payments	–324	–108	–432
Cash outflow for interests paid on lease liabilities	–127	–	–127
Cash outflow for interests paid	–	–1 295	–1 295
Cash outflow due to redemption of financial liabilities	–603	–1 244	–1 847
Cash outflow due to redemption of leases	–639	–	–639
Non-cash changes			
Reclassifications	–17 597	17 597	–
Transfer long-term financial liabilities to other-current liabilities	–	–167	–167
Increase in lease liabilities	–	854	854
Increase in interests on lease liabilities	–	127	127
Accrued interests	–	2 427	2 427
Currency effects	1 043	710	1 753
At 31 December 2022	**17 255**	**31 911**	**49 166**
Cashflows			
Cash inflow	229	1 313	1 542
Cash outflow for lease payments	–302	–102	–405
Cash outflow for interests paid on lease liabilities	–88	–	–88
Cash outflow for interests paid	–	–850	–850
Cash outflow due to redemption of financial liabilities	–670	–1 404	–2 074
Cash outflow due to redemption of leases	–512	–	–512
Non-cash changes			
Reclassifications	8 834	–8 834	–
Increase in lease liabilities	–	172	172
Increase in interests on lease liabilities	–	88	88
Accrued interests	–	2 173	2 173
Currency effects	1 143	228	1 371
At 31 December 2023	**25 889**	**24 694**	**50 583**

The carrying amounts of financial liabilities are denominated in the following currencies:

in thousand EUR	**31 December 2023**	**31 December 2022**
Currencies financial liabilities/borrowings denominated in:		
EUR	2 000	2 507
XAF	4 863	6 739
CHF	43 273	39 652
BRL	447	268
Total financial liabilities	**50 583**	**49 166**

The effective interest rates at the reporting date by currency were as follows:

	2023	**2022**
EUR	4.0 – 6.0%	1.0 – 4.5%
XAF	8.5 –11.0%	8.5–11.0%
CHF	2.9 – 5.6%	2.8 – 6.0%
BRL	4.5 – 6.0%	0.0 – 8.7%

Details about the financial risk management are described in Note 2.

20. Financial instruments by category and fair value hierarchy

Financial instruments by category

in thousand EUR	at amortized costs	at fair value through OCI	**Total**
31 December 2023			
Assets			
Cash and cash equivalents	1 648	–	1 648
Trade and other receivables [1]	11 571	–	11 571
Non-current loan to associates	746	–	746
Non-current financial assets	1 922	29	1 951
Total financial assets	**15 887**	**29**	**15 916**

[1] Not included are receivables due from tax authorities of EUR 1.4 million.

in thousand EUR	at amortized costs	at fair value through OCI	**Total**
31 December 2022			
Assets			
Cash and cash equivalents	3 022	–	3 022
Trade and other receivables [1]	14 090	–	14 090
Non-current loan to associates	423	–	423
Non-current financial assets	1 513	27	1 540
Total financial assets	**19 048**	**27**	**19 075**

[1] Not included are receivables due from tax authorities of EUR 2.1 million.

in thousand EUR	**2023**	**2022**
Liabilities at amortized costs		
Trade and other payables [1]	15 089	16 246
Loans, interest payables and legal liabilities [2]	49 719	47 568
Lease liabilities	864	1 598
Total financial liabilities	**65 672**	**65 412**

[1] Not included are accruals and payables due to tax authorities of EUR 6.9 million (2022: EUR 4.8 million).

[2] The fair value of the interest bearing long-term liabilities with a fixed interest rate (level 2) is EUR 27.5 million (2022: EUR 36.5 million).

Accounting policies

Borrowings are classified as current liabilities unless Precious Woods has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. They are initially recorded at fair value, net of transaction costs, and subsequently measured at amortized cost according to the effective interest rate method.

Cash and cash equivalents comprise cash at bank and in hand and short-term highly liquid deposits with an original maturity of three months or less. They are recorded at nominal value. Bank overdrafts are presented within current financial liabilities.

Fair value hierarchy

The carrying amounts of financial instruments correspond approximately to their fair value. The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 – quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2 – other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3 – techniques that use inputs, which have a significant effect on the recorded fair value, and which are not based on observable market data

Assets measured at fair value

in thousand EUR	31 December 2023	Level 1	Level 2	Level 3
Non-current financial assets	29	–	–	29
Biological assets	18 554	–	–	18 554
Land	54 907	–	54 907	–
Total assets measured at fair value	**73 490**	–	**54 907**	**18 583**

in thousand EUR	31. Dezember 2022	Level 1	Level 2	Level 3
Non-current financial assets	27	–	–	27
Biological assets	19 931	–	–	19 931
Land	47 715	–	47 715	–
Total assets measured at fair value	**67 673**	**–**	**47 715**	**19 958**

Reconciliation of fair value measurement of level 3 assets

in thousand EUR	2023	2022
At 1 January	19 958	14 382
Gain from changes in fair value from biological assets	–2 485	4 075
Currency effects	1 110	1 501
At 31 December	**18 583**	**19 958**

21. Leasing

The Group has entered into several leases for vehicles and machinery as well as office spaces. The leases have lease terms of three to five years.

The development of the lease liabilities is as follows:

in thousand EUR	2023	2022
At 1 January	1 598	1 802
Additions	172	854
Interest expenses	88	127
Redemption	–512	–639
Payments	–492	–559
Currency effects	10	13
At 31 December	**864**	**1 598**
Thereof current	560	856
Thereof non-current	304	742

The cash-outflow on leases is presented in Note 19.

Right-of-use assets

in thousand EUR	Leased buildings and building improvements	Leased machinery and vehicles	**Total**
At 1 January 2022	**386**	**1 437**	**1 823**
Additions	–	854	854
Depreciation	–140	–948	–1 088
Currency effects	13	1	14
At 31 December 2022	**259**	**1 344**	**1 603**
Additions	–	172	172
Depreciation	–128	–792	–920
Currency effects	9	1	10
At 31 December 2023	**140**	**725**	**865**

As of 31 December, other operating expenses contain the following expenses in connection with leases:

in thousand EUR	**2023**	**2022**
Expenses for short-term leases	431	360
Expenses for leases of low value	4	4
Total operating lease expenses	**435**	**364**

The cash-outflow on short-term leases and leases of low value is EUR 0.4 million (2022: EUR 0.4 million).

Accounting policies
Precious Woods elected to apply the recognition exemptions to short-term leases and low value leases. For such leases no right-of-use asset and no lease liability are recorded, instead the lease payments are recognized as operating expenses.

22. Share capital

The functional currency of Precious Woods Holding is Swiss francs. In the financial statements it is translated into the Group's presentation currency (EUR) using historical exchange rates.

Share capital overview

	Number of shares at a nominal value of CHF 1 2023	Number of shares at a nominal value of CHF 1 2022	Share capital in thousand EUR 2023	Share capital in thousand EUR 2022
Issued and fully paid-in capital				
At 1 January	**7 052 745**	**7 052 745**	**5 731**	**5 731**
At 31 December	**7 052 745**	**7 052 745**	**5 731**	**5 731**

The shares rank equally with regard to voting rights and dividends, and the Articles of Association include no restrictions on transfer of the Group's shares. Precious Woods' registered shares are not subject to any restriction on voting, distribution, transfer or other rights that exceed regulations which are unalienable under Swiss law. The authorized share capital and the conditional share capital are intended to be utilized for acquisitions, the purchase of forests or for reforestations, investments, convertible loans, expansions of shareholder base or any other important reason. The shareholders' subscription rights can be excluded in these cases, as well as for firm underwriting agreements.

Ordinary share capital

On 31 December 2023, the issued and fully paid-in share capital amounted to CHF 7 052 745 (2022: CHF 7 052 745).

Capital band

On 17 May 2023, the previous authorized share capital in the amount of CHF 1 000 000 was replaced by the General Meeting with a capital band of up to CHF 1 400 000. It will expire in May 2028.

Conditional share capital

On 31 December 2023, the portion of the conditional share capital which is intended to cover options of employees and board members amounted to CHF 46 638, and the total conditional share capital amounted to CHF 1 396 638.

Treasury shares

During the course of 2023, Precious Woods Holding purchased 975 treasury shares in the total amount of EUR 9 345. The Group held 2 607 treasury shares as of 31 December 2023 (2022: 1 632 treasury shares).

23. Major shareholders

On 31 December 2023, the major shareholders holding 3% (rounded) or more of Precious Woods Holding outstanding shares were as follows:

	Number of shares 2023		Number of shares 2022	
Fleischmann Werner / BoD[1]	1 753 941	24.9%	1 708 883	24.2%
Aage V. Jensen Charity Foundation	455 704	6.5%	455 704	6.5%
Other BoD / Management	278 320	3.9%	382 341	5.4%
Basler Insurances	333 053	4.7%	333 053	4.7%
von Braun	324 324	4.6%	324 324	4.6%
Vasalli Christian	290 000	4.1%	282 100	4.0%
Gut Thomas	491 808	7.0%	491 808	7.0%
Gut Joseph	241 533	3.4%	241 533	3.4%
Rössler Max	50 000	0.7%	800 000	11.3%
Total number of issued shares	**7 052 745**	**100.0 %**	**7 052 745**	**100.0 %**

[1] Member of the Board of Directors since 19 May 2022

The financial liabilities on loans from related parties are presented in Note 19.

24. Earnings per share

Calculation of the basic and diluted earnings per share is based on the following data:

In EUR	2023	2022
Net income/(loss) attributable to Group equity holders	–12 662 969	1 002 503
Weighted average number of shares	7 050 227	7 051 424
Basic earnings/loss per share	**–1.80**	**0.14**
Weighted average number of shares for diluted earnings per share	7 050 227	7 051 424
Diluted earnings per share	**–1.80**	**0.14**

25. Related party balances and transactions

An overview of the subsidiaries of Precious Woods is presented in Note 31. Details of transactions between the Group and other related parties are disclosed below.

Major shareholders holding 3% or more of Precious Woods Holding are disclosed in Note 23.

a. Balances and transactions

The balances with related parties, as of 31 December 2023 and 2022, are detailed below:

in thousand EUR	2023	2022
Trade and other current receivables from related parties	28	28
Trade receivables and other current receivables from associates	3 787	4 174
Non-current loan to associates	746	423
Trade and other current liabilities from related parties	693	477
Trade and other current liabilities to associates	846	2 908
Current loans from shareholders	13 841	11 086
Current loans from related parties	1 615	1 514
Non-current loans from shareholders	22 607	21 202
Non-current loans from related parties	–	1 010
Paid interest expenses to shareholders	–	542
Paid interest expenses to related parties	–	72

The current loans from related parties bear interest at 6.0% for EUR 1.5 million – maturing up to and including December 2023. The non-current loans from related parties bear interest at 6.0% for EUR 1.0 million, maturing in December 2024.

b. Compensation

During the ordinary course of business in 2023 and 2022, the Group granted remunerations to related parties as follows:

in thousand EUR	2023	2022
Board of Directors		
Short-term employee benefits	324	235
Post-employment employee benefits	12	11
Total remuneration and fees Board of Directors	**336**	**246**
Group Management		
Short-term employee benefits	1 240	1 209
Post-employment employee benefits	181	189
Total Group Management	**1 421**	**1 398**
Operating management		
Short-term employee benefits	940	924
Post-employment employee benefits	81	78
Total operating management	**1 021**	**1 002**
Total compensation to key management personnel	**2 778**	**2 646**

There was no compensation paid related to long-term benefits, termination benefits or share-based payments.

26. Provisions

in thousand EUR	Legal claims	Others	2023 Total	2022 Total
Current provisions	–	374	374	131
Non-current provisions	321	648	969	759
Total provisions	**321**	**1 022**	**1 343**	**890**
At 1 January	334	556	890	671
Additions	45	686	730	231
Unused amounts reversed	–52	–	–52	–22
Used during the year	–22	–245	–267	–63
Currency effects	17	25	42	73
At 31 December	**322**	**1 022**	**1 343**	**890**

Legal claims

The amount of EUR 0.3 million represents a provision for certain legal claims brought against the Group by different stakeholders. In the directors' opinion, after taking appropriate legal advice, the outcome of these legal claims will not give rise to any significant losses beyond the amounts provided for as on 31 December 2023 (2022: EUR 0.3 million).

Others

The total amount of EUR 1.0 million for other current and non-current provisions includes amounts for tax fees of EUR 0.1 million (2022: EUR 0.1 million) and for other provisions of EUR 0.6 million (2022: EUR 0.3 million). In December 2023, a restructuring provision was recognized in the amount of EUR 0.3 million for the restructuring measures of Precious Woods Compagnie Equatoriale des Bois S.A. in Gabon (2022: EUR 0.1 million).

Accounting policies

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit or loss net of any reimbursement.

27. Contingencies

The Group has contingent liabilities in respect of legal claims arising in the ordinary course of business. It is not anticipated that any material payouts other than those for which a provision has been made will arise from contingent liabilities (see Note 10).

Assessment by Brazilian authorities

In 2002, a Brazilian subsidiary was assessed by IBAMA, the Brazilian Institute of Environment and Renewable Natural Resources, in relation to certain log-transporting procedures, which had been in place and approved informally by government agencies for many years. In July 2010, an important administrative case was won against IBAMA. The fines imposed on the Group, which are not yet settled, amount to approximately EUR 5.4 million. The Group's Management and its attorneys believe that the remaining fines are arbitrary in nature, unjustified, and will also be eventually cancelled, and therefore consider that no material payouts will occur as a result of the final decision on this process; consequently, no accrual was recorded in the Group's consolidated financial statements as of 31 December 2023 (31 December 2022: EUR 0.0 million). In 2011, the subsidiary was notified by the Federal Justice to offer assets to pledge or to prepay the penalty. The subsidiary offered 61 907 hectares to pledge. The counterparty has not accepted the pledge and has instead blocked an amount of EUR 0.1 million in cash on Group accounts.

28. Income taxes

Major components of tax expenses/(income)

in thousand EUR	2023	2022
Current tax expenses/(income)	636	1 706
Deferred tax expenses/(income)	–1 049	780
Total income taxes	**–413**	**2 486**

Reconciliation of tax expenses/(income)

in thousand EUR	2023	2022
Earnings before tax	**–13 130**	**3 451**
Expected tax expenses/(income) based on a weighted average	–3 593	1 526
Tax adjustments related to prior years	80	311
Non-recognized tax losses	930	2 395
Derecognition of previously recognized deferred tax assets	4	–
Tax deductions on local impairments	1 859	–1 277
Minimum tax in Gabon	38	55
Permanent tax deductions Brazil	–	–693
Non-deductible expenses	–	265
Other	267	–96
Total income taxes	**–413**	**2 486**

The weighted average applicable tax rate, considering all profit- and loss-making entities, was 25 % (2022: 44 %).

Deferred income tax

in thousand EUR	2023	2022
Total deferred tax assets	9 578	10 212
Total deferred tax liabilities	–21 756	–20 632
Net deferred tax assets/(liabilities)	**–12 178**	**–10 420**

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset them and when the deferred income taxes relate to the same tax authority.

Deferred income tax assets

in thousand EUR	2023	2022
Inventories	203	46
Tax loss carry-forwards	1 335	1 342
Provisions	161	153
Financial liabilities	7 279	7 931
Other	600	740
Total deferred tax assets	**9 578**	**10 212**

Deferred income tax liabilities

in thousand EUR	2023	2022
Property, plant and equipment	–15 346	–13 646
Biological assets	–6 309	–6 776
Intangible assets	–101	–186
Financial liabilities	–	–24
Total deferred tax liabilities	**–21 756**	**–20 632**
Net deferred tax assets/(liabilities)	**–12 178**	**–10 420**
Reported in the balance sheet as follows:		
Deferred tax assets	–	–
Deferred tax liabilities	–12 178	–10 420
Net deferred tax assets/(liabilities)	**–12 178**	**–10 420**

Net movement of the deferred income tax account is as follows:

in thousand EUR	2023	2022
At 1 January	–10 420	–7 549
Income statement charge	1 049	–780
Tax charged to other comprehensive income	–2 296	–1 394
Currency effects	–511	–697
At 31 December	**–12 178**	**–10 420**

The Group did not recognize deferred income tax assets on deductible temporary differences of EUR 4.6 million (2022: EUR 4.9 million) and on unused tax losses of EUR 41.2 million (2022: EUR 30.0 million).

These unrecognized tax loss carry-forwards expire as presented in the table below:

in thousand EUR	2023	2022
0–2 years	348	–
3–4 years	3 078	538
5–7 years	19 436	21 631
over 7 years	18 290	7 756
Total tax loss carry-forwards	**41 152**	**29 925**

EUR 4.7 million of these tax loss carry-forwards belong to the Dutch operations of Precious Woods with an applicable tax rate of 15% (2022: EUR 4.4 million with an applicable tax rate of 15%), EUR 4.2 million belong to the Brazilian operations with an applicable tax rate of 34% (2022: EUR 3.7 million with an applicable tax rate of 34%), EUR 0.0 million belong to the Gabonese operations with an applicable tax rate of 30% (2022: EUR 0.3 million with an applicable tax rate of 30%) and EUR 32.3 million belong to the Swiss operation with an applicable tax rate of 11.82% (2022: EUR 21.6 million with an applicable tax rate of 11.85%).

Accounting policies

The charge for current income tax is based on the results for the year as adjusted for items which are non-assessable or disallowed. It is calculated using tax rates for the countries where the Group has operations. Deferred income taxes are accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements, and the corresponding tax basis used in the computation of taxable profit. Deferred income tax liabilities are generally recognized for all taxable temporary differences, and deferred income tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction, which, at the time of the transaction, affects neither the taxable profit nor the accounting profit.

29. Employee benefits

The employee benefit plans of the Group are based on legal requirements in the respective countries. Beyond these regulatory requirements, the Group provides meals, housing, education and access to medical care according to the local operating group's policy.

Provisions for employee benefit plans

in thousand EUR	2023	2022
Current employee benefits – defined benefit plans	67	12
Non-current employee benefits – defined benefit plans	2 210	1 496
Non-current employee benefits – defined contribution plans	986	1 161
Non-current employee benefits – jubilee provisions	268	82
Total liabilities due to employees	**3 531**	**2 751**

The pension plan for employees in Switzerland is a defined benefit plan and covers the risks of age, death and disability. Financing occurs by means of employer and employee contributions, defined in the pension fund rules in terms of an age-related sliding scale of percentages of salary, as well as returns from the investments made by the pension fund. The pension fund guarantees the vested benefit amount as confirmed annually to members, as regulated by Swiss law. Interests may be added to member balances at the discretion of the Board of Trustees. At retirement date, members have the right to take their retirement benefit as a lump sum or as an annuity. No curtailment or settlement has occurred during the year.

Changes in the present value of the defined benefit obligation

in thousand EUR	2023	2022
Defined benefit obligation at 1 January	6 275	5 932
Current service costs	290	291
Interest costs	148	23
Contribution by plan participants	115	99
Actuarial losses/(gains)	847	–1 163
Benefits paid in/transferred	224	822
Currency effects	491	271
31 December	**8 390**	**6 275**
Plans wholly or partly funded	8 390	6 275
Plans wholly unfunded	–	–

The discount rate used for the valuation of the obligations decreased from 2.25% in 2022 to 1.45% in 2023.

Movement in the fair value of the plan assets

in thousand EUR	2023	2022
Opening fair value of plan assets	4 779	4 280
Interest income	116	17
Return on plan assets excluding interest income	312	–871
Contributions by the employers	269	232
Contributions by plan participants	115	99
Benefits paid in/transferred	224	822
Currency effects	365	200
31 December	**6 180**	**4 779**

in thousand EUR	2023	2022
Present value of obligations	8 390	6 275
Fair value of plan assets	6 180	4 779
Net liability	**2 210**	**1 496**

Changes in net liability

in thousand EUR	2023	2022
Opening net liability	1 496	1 652
Pension cost recognized in profit or loss	321	297
Pension cost recognized in other comprehensive income	535	–292
Employer contributions	–269	–232
Currency effects	127	71
Recognized in balance sheet	**2 210**	**1 496**

Amounts recognized in profit or loss in respect of the defined benefit plan are as follows:

in thousand EUR	2023	2022
Current service costs	290	291
Net interest costs	31	6
Recognized in profit or loss	**321**	**297**

Amounts recognized in other comprehensive income in respect of the defined benefit plan are as follows:

in thousand EUR	2023	2022
Return of plan assets excluding interest income	312	–871
Changes in assumptions	–1 089	1 633
Experience adjustments	242	–470
Recognized in other comprehensive income	**–535**	**292**

Principal actuarial assumptions used

	2023	2022
Expected employer contributions	283 030	235 934
Discount rates	1.45%	2.25%
Expected salary increases	1.50%	1.50%
Expected long-term increase of pensions	0.00%	0.00%
Mortality table	BVG 2020 GT	BVG 2020 GT
Weighted average duration	13.7	13.7

Sensitivity to changes in the principal assumptions

in thousand EUR	DBO	Effect
Actuarial assumption 31 December 2023	8 390	
Discount rate +0.25%	8 082	–3.7%
Discount rate –0.25%	8 717	3.9%
Salary increase rate +0.25%	8 415	0.3%
Salary increase rate –0.25%	8 365	–0.3%

in thousand EUR	DBO	Effect
Actuarial assumption 31 December 2022	6 275	
Discount rate +0.5%	6 064	–3.4%
Discount rate –0.5%	6 500	3.6%
Salary increase rate +0.5%	6 294	0.3%
Salary increase rate –0.5%	6 257	–0.3%

Plan asset allocation

in thousand EUR	**2023**	**2022**
Shares	33.6%	33.2%
Bonds	29.6%	29.1%
Real estate investments	24.9%	27.3%
Mortgages	4.0%	4.0%
Alternative investments	4.0%	3.5%
Liquidity	3.1%	2.8%
Infrastruktur	0.8%	0.2%
Total plan assets	**100.0 %**	**100.0 %**

Accounting policies
The Group has both defined benefit plans and defined contribution plans.

The obligation and costs of pension benefits are determined using the projected unit credit method.

30. Currency translation rates

The currency translation rates for the consolidated financial statements were as follows:

in EUR		Year-end rate	in % of previous year	Average rate	in % of previous year **2023**	Year-end rate	in % of previous year	Average rate	in % of previous year **2022**
Swiss franc	1 CHF	1.0765	106.6%	1.0292	103.4%	1.0096	104.6%	0.9955	107.6%
Euro	1 EUR	1.0000	100.0%	1.0000	100.0%	1.0000	100.0%	1.0000	100.0%
Brazilian real	1 BRL	0.1866	105.7%	0.1851	100.4%	0.1766	111.6%	0.1843	117.5%
US dollar	1 USD	0.9060	97.0%	0.9248	97.3%	0.9338	105.9%	0.9506	112.4%
CFA-Franc BEAC	1 XAF	0.0015	100.0%	0.0015	100.0%	0.0015	100.0%	0.0015	100.0%

31. Basis of consolidation

The consolidated financial statements comprise the financial statements of Precious Woods Holding Ltd and its subsidiaries. Control is achieved when Precious Woods Holding Ltd is exposed, or has rights, to variable returns from its direct or indirect involvement with the investee and has the ability to affect those returns through its power over the investee. Usually control is achieved through a majority of voting rights. Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is lost.

The following active and operating subsidiaries are included in the consolidated financial statements:

Subsidiary	Country	Ownership 2023	Ownership 2022
MIL Madeiras Preciosas Ltda.	Brazil	100%	100%
MIL Energia Renovável Ltda.	Brazil	100%	100%
Monte Verde Manejo Florestal Ltda.	Brazil	100%	100%
Precious Woods Manejo Florestal Ltda.	Brazil	100%	100%
Precious Woods – Compagnie Equatoriale des Bois S.A.	Gabon	99%	99%
Precious Woods – Tropical Gabon Industrie S.A.	Gabon	100%	100%
Precious Woods Europe B.V.	Netherlands	100%	100%
Lastour & Co. S.A.	Luxembourg	100%	100%
Unio Holding S.A.	Luxembourg	100%	100%
Precious Woods Management Ltd. (inactive)	British Virgin Islands	100%	100%

Further information about the associated entities of the Group is disclosed in Note 13.

Accounting policies

For purchases of non-controlling interests, the difference between any consideration paid and the relevant share of non-controlling interest acquired is deducted from equity. Gains or losses on disposals of non-controlling interests are also recorded in equity.

32. Subsequent events

There were no significant events after the reporting period.

33. Approval of financial statements and dividends

The financial statements were approved by the Board of Directors on 22 April 2024 and authorized for issue, and are subject for approval by the shareholders at the Annual General Meeting. The Board of Directors proposes not to pay a dividend for 2023 (2022: no dividend paid).

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Report of the Statutory Auditor to the General Meeting of
Precious Woods Holding AG, Zug

Report on the Audit of the Consolidated Financial Statements

Opinion
We have audited the consolidated financial statements of Precious Woods Holding AG and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements (pages 50 to 88) give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and comply with Swiss law.

Basis for Opinion
We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISA) and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession, as well as those of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), 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.

Material uncertainty related to Going Concern
We draw attention to note 1, section Going Concern – Debt restructuring / refinancing of the financial statements, which indicates that material uncertainties exist in relation to debt restructuring, refinancing and ensuring solvency. As stated in note 1, these events or conditions, along with other matters as set forth in note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other matter
The consolidated financial statements for the year ended 31 December 2022 were audited by another statutory auditor who expressed an unmodified opinion on those statements on 24 April 2023.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of the company and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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.

Board of Directors' Responsibilities for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group'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 Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 Swiss law, ISA and SA-CH 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 consolidated financial statements.

As part of an audit in accordance with Swiss law, ISA and SA-CH, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

– Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

KPMG AG

Tino Hutter
Licensed Audit Expert
Auditor in Charge

André Stampfli
Licensed Audit Expert

Zug, 24 April 2024

Precious Woods Holding Ltd financial statements

Picture left: Photograph from the
Gabonese forest area of PW Gabon

Balance sheet

in thousand CHF	Notes	**31.12.23**	**31.12.22**
ASSETS			
Current assets			
Cash and cash equivalents		591	1 870
Trade receivables			
against third parties		4 862	6 433
against Group companies		202	436
Other short-term receivables			
against third parties		17	43
against Group companies		2 602	2 588
Inventories		359	243
Prepaid expenses		62	82
Total current assets		**8 694**	**11 695**
Non-current assets			
Financial assets to Group companies		51 409	53 895
Investments in Group companies	5, 9	35 918	38 748
Property, plant, equipment and lease	9	186	264
Intangible assets		1	10
Long-term financial assets		50	50
Total non-current assets		**87 564**	**92 967**
TOTAL assets		**96 258**	**104 662**
LIABILITIES AND SHAREHOLDERS’ EQUITY			
Current liabilities			
Trade payables			
against third parties		755	408
against Group companies		2 459	4 941
Short-term interest-bearing liabilities against third parties	6, 10	6 500	500
Short-term interest-bearing liabilities against shareholders	6, 8	8 541	7 075
Short-term lease liabilities	12	98	96
Other short-term liabilities		586	197
Other short-term liabilities against related parties	8	176	–
Accrued expenses and short term provisions		1 204	964
Accrued interest expenses against shareholders	6, 7	7 824	6 105
Total short-term liabilities		**28 144**	**20 286**
Non-current liabilities			
Long-term interest-bearing liabilities against third parties		–	6 000
Long-term interest-bearing liabilities against shareholders	7, 10	21 000	22 000
Long-term lease liabilities	12	57	142
Long-term provisions		250	80
Total long-term liabilities		**21 307**	**28 222**
Shareholders’ equity			
Share capital	1, 2, 3	7 053	7 053
Legal capital reserves			
Capital contribution reserves		88 924	88 924
Legal retained earnings			
General legal retained earnings in the narrower sense		4 534	4 534
Treasury shares	4	–29	–21
Loss carried forward		–44 336	–32 877
Loss for the year		–9 339	–11 459
Total shareholders’ equity		**46 806**	**56 154**
TOTAL liabilities & shareholders’ equity		**96 258**	**104 662**

Income statement

in thousand CHF	Notes	2023	2022 [1] (restated)
Revenues			
Sales		51 438	64 914
Freight expenses		–2 487	–3 981
Sales commissions		–735	–1 065
Sales deductions and other sales related expenses		–302	–163
Net sales timber products		47 915	59 705
Net sales CO_2 certificates		–	91
Changes in inventories of finished goods		34	–8
Changes in inventories of CO_2 certificates		38	–16
Costs of goods sold		–44 300	–55 555
Total operating income		**3 686**	**4 217**
Personnel expenses		–3 573	–3 228
Administrative expenses		–1 283	–1 280
Audit fees		–284	–234
Earnings before interest, taxes, depreciation and amortization (EBITDA)		**–1 453**	**–525**
Depreciation, amortization and impairment	9	–2 950	–8 359
Earnings before interest & taxes (EBIT)		**–4 403**	**–8 884**
Financial income		1 530	1 542
Financial expenses		–2 193	–2 557
Foreign exchange differences		–4 224	–1 509
Earnings before taxes (EBT)		**–9 291**	**–11 408**
Direct taxes		–48	–51
Loss for the year		**–9 339**	**–11 459**

[1] The income statement was restated for 2022, please refer to note g.

Notes to the financial statements

Essential accounting and valuation principles

a. Principles
These financial statements were prepared in accordance with the provisions on commercial accounting laid down in 32nd title of Swiss Code of Obligations. Where not prescribed by law, the significant accounting and valuation principles applied are described below.

b. Inventories
Inventories and non-invoiced services are recorded at acquisition costs: If the net realizable value at the balance sheet date is lower than acquisition costs, net realizable values are used. Acquisition costs are calculated using the weighted average cost method.

c. Financial assets and investments
Financial assets and investments are valued at their acquisition cost adjusted for impairment losses.

d. Interest-bearing financial liabilities
Interest-bearing financial liabilities are recognized in the balance sheet at their nominal value.

e. Leasing
Leasing and rental agreements are recorded according to the right-of-use. For this reason, the right-of-use corresponds to the present value of the lease liability at the inception of the contract. The term of the lease agreement is determined by the fixed contract term and any extension options. The lease liability corresponds to the present value of future lease payments, which bear interest at an implicit rate and are reduced by the amortization payments.

f. Treasury shares
Treasury shares are recognized at cost as a negative item in equity at the time of acquisition. Upon subsequent resale, the gain or loss is recognized in the income statement as financial income or expense.

g. Revenue from sale of goods and services
Revenue trading activities are recognized when the entity has transferred the significant risks and rewards of ownership of the goods to the buyer, when the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, when the amount of revenue can be measured reliably, and when it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Presentation of Net sales timber products for prior period 2022 was adjusted to confirm to presentation for 2023. 'Sales' as well as 'Freight expenses', 'Sales commissions', 'Sales deductions and other sales related expenses' are restated and presented gross while prior year's presentation was net.

1. General

Precious Woods Holding Ltd. is the holding company of the Precious Woods Group and is domiciled in Zug, Switzerland.

The Precious Woods Group is active in the field of sustainable forest management in South America and Africa following the guidelines for sustainable forest management laid out by the Forest Stewardship Council (FSC) and the Programme for the Endorsement of Forest Certification (PEFC). The PW Group is also active in the trading of timber products as well as the sale of CO_2 emission rights.

The share capital as of 31 December 2023 was composed of 7 052 745 (2022: 7 052 745) fully paid-in registered shares, each with a nominal value of CHF 1.00.

2. Authorized capital band

The company has a capital band between CHF 7 052 745 (lower limit) and CHF 8 452 745 (upper limit) according to Article 3c of the Articles of Association. The Board of Directors is authorized to increase the share capital at any time until 17 May 2028 up to a maximum amount of CHF 1 400 000 once or several times and in any amounts. The capital increase can be carried out by issuing a maximum of 1 400 000 registered shares with a nominal value of CHF 1.00 each, to be fully paid up. In 2023, no capital increase was carried out from capital band.

3. Conditional share capital

The company had the following conditional share capital:

a. Since 18 May 2017, the conditional capital thus amounted to CHF 1 350 000 (1 350 000 shares with a nominal value of CHF 1.00 each) according to Article 3a of the Articles of Association. As of 31 December 2023, the conditional share capital amounted unchanged to CHF 1 350 000 (1 350 000 shares with a nominal value of CHF 1.00 each).
b. Additionally, according to Article 3b of the Articles of Association, the share capital of the company may be increased by the maximum amount of CHF 46 638 by the issuance of no more than 46 638 (2022: 46 638) registered shares that are to be fully paid in and have a nominal value of CHF 1.00 each; this increase being the result of the exercise of option rights that can be granted to employees of the company or of affiliated companies. As of 31 December 2023, the conditional share capital thus amounted unchanged to CHF 46 638 (46 638 shares with a nominal value per CHF 1.00 each).

4. Treasury shares

	Number of transactions	Average price	in thousand CHF	Total shares
Number of registered shares				
At 1 January 2022			–	–
Purchases	4	12.73	21	1 632
Sales				
At 31 December 2022			**21**	**1 632**

	Number of transactions	Average price	in thousand CHF	Total shares
Number of registered shares				
At 1 January 2023			21	1 632
Purchases	3	9.58	20	2 175
Sales	1	10.00	–12	–1 200
At 31 December 2023			29	**2 607**

In 2023, net 975 registered shares were acquired. As at the balance sheet date, the acquisition cost of treasury shares amounts to CHF 29 thousand.

5. Investments in subsidiaries

The company holds the following direct and significant indirect investments:

Company, country	Currency	2023 Nominal share capital	2022 Nominal share capital	2023 Voting rights and Participation	2022 Voting rights and Participation
MIL Madeiras Preciosas Ltda., Brazil [1]	BRL	168 143 929	168 143 929	100.00%	100.00%
MIL Energia Renovável Ltda., Brazil (former BK Energia Ltda.) [2]	BRL	7 160 000	7 160 000	100.00%	100.00%
Monte Verde Manejo Florestal Ltda., Brazil [1]	BRL	37 585 742	37 585 742	100.00%	100.00%
Precious Woods Manejo Florestal Ltda., Brazil [1]	BRL	24 429 917	24 429 917	100.00%	100.00%
Precious Woods Europe B.V., Netherlands [1]	EUR	18 000	18 000	100.00%	100.00%
Unio S.A., Luxembourg [1]	EUR	1 000 000	1 000 000	100.00%	100.00%
Precious Woods Tropical Gabon Industrie S.A. (TGI), Gabon [2]	XAF	10 000 000	10 000 000	100.00%	100.00%
Compagnie des Placages de la Lowé S.A., Gabon [2]	XAF	1 550 428 600	1 550 428 600	49.00%	49.00%
Lastour & Co. S.A., Luxembourg [1]	EUR	372 575	372 575	100.00%	100.00%
Precious Woods Compagnie Equatoriale des Bois S.A. (CEB), Gabon [2]	XAF	1 571 276 074	1 571 276 074	99.02%	99.02%
Precious Woods Management Ltd., British Virgin Islands (dormant) [1]	USD	20 000	20 000	100.00%	100.00%

[1] participation directly held

[2] participation indirectly held

As of 31 December 2023, the company recognized an impairment loss of CHF 2.8 million on the investment Unio S.A., which was recognized as an impairment loss in the income statement (see note 9).

6. Short-term interest-bearing liabilities

As of 31 December 2023, the short-term liabilities consist of loans from shareholders in the amount of CHF 8.5 million (2022: CHF 7.1 million). The accumulated accrued interests due to shareholders of CHF 0.5 million are presented as accrued interest expenses against shareholders. Also included is a loan from third parties in the amount of CHF 6.5 million (2022: 0.5 million). Due to its maturity, CHF 6.0 million was reclassified to current liabilities. Loans as well as accrued interest maturing at the end of 2023 could not be repaid and were subject to a new agreement reached in December 2023.

Going Concern – Debt restructuring / refinancing

The company has significant financial liabilities that are due and payable until the end of 2024. The company is convinced to find a solution to restructure its financial situation and as such to fulfil all obligations with the existing lenders who are at the same time important shareholders with whom the company maintains close contact and regular exchange. Nevertheless, the liquidity of the Group is currently under pressure until having solved these obligations.

Based on the liquidity plan prepared by the Board of Directors and Management, the company is expected to generate sufficient cash to be able to operate for the next twelve months until 31 May 2025. However, based on the liquidity plan, the company will face difficulties in fulfilling its obligations from financing activities. Therefore, the Board of Directors is closely monitoring the company's solvency situation as well as assessing its liquidity position to take necessary actions to mitigate these risks. The Board of Directors is committed to act with the required urgency and will provide updates to stakeholders as appropriate.

After having successfully restructured the business in 2023 to the extent possible, the Group is taking further steps to address the uncertainties and improve its liquidity position, including exploring additional sources of financing, and seeking to refinance its current debt obligations. Measures that have been initiated but are not all fully completed yet include:

- Signed standstill agreement in place with the current lenders until the end of 2024, a termination of the agreement as of 30 September 2024 is possible however Management does not have any indication of such intent by any lender.
- Board of Directors and Management developed a financial restructuring plan, which foresees to reduce the financial indebtedness and increase capital. A term sheet has been drafted and shared with lenders. There is ongoing discussion with lenders and the company is convinced to find a consensus with lenders.
- Management has started a project with the goal of divesting non-essential assets. For that purpose, mandates to external parties have been given and discussion with potential buyers have been initiated.
- Management has prepared a detailed 10-years business plan which is used to approach potential new investors.

The company's ability to continue as a going concern is dependent on its ability to generate sufficient cash flows from operations, ensure refinancing and/or restructuring of existing finance obligations and obtain additional financing to meet its obligations as they become due. The Board of Directors has not yet been able to raise sufficient additional financing to meet the financial obligations that will be due in 2024. Consequently, there is a material uncertainty that raises significant doubts about the company's ability to continue as a going concern. If the company is unable to address these material uncertainties and to secure its liquidity position, it may be unable to continue as a going concern. If such a situation arises, the financial statements would need to be prepared based on liquidation values.

The Board of Directors and Management expects that the proposed measures will be successful, and their effects will be to strengthen the liquidity of the Group and assure its financial stability in the long term. Therefore, the Board of Directors and Management believe the going concern assumption of the Precious Woods Group is given.

7. Long-term interest-bearing liabilities

As of 31 December 2023, the long-term liabilities consist of loans from shareholders in the amount of CHF 21.0 million (2022: CHF 22.0 million). The accumulated accrued interests due to shareholders of CHF 7.3 million are presented as accrued interest expenses against shareholders. Loans as well as accrued interest were subject to a new agreement reached in December 2023.

8. Board and Executive compensation

As of the balance sheet date, there are loans between the company as a borrower and the Board of Directors in the amount of CHF 3.5 million (2022: CHF 2.5 million). In addition, there are other short-term liabilities against the Board of Directors in the amount of CHF 0.12 million. The compensation and the number of shares held by the Board of Directors are composed as follows:

in thousand CHF	Fix in cash	Mandate	Committee	**Total**	**Ownership of shares**
For the year 2023					
Katharina Lehmann [1]	34	–	–	**34**	104 021
Markus Brütsch	67	–	–	**67**	228 220
Jürgen Blaser	30	–	–	**30**	3 500
Robert Hunink	39	3	3 [3]	**45**	32 500
Werner Fleischmann	30	–	3 [3]	**33**	1 753 941
Bernhard Pauli [2]	19	–	3 [3]	**22**	–
Olivier Kobel [2]	21	32	3 [3]	**57**	–
Total	**240**	**35**	**12**	**288**	**2 122 182**

in thousand CHF	Fix in cash	Mandate	Committee	**Total**	**Ownership of shares**
For the year 2022					
Katharina Lehmann	90	–	–	**90**	104 021
Markus Brütsch	30	–	–	**30**	228 220
Jürgen Blaser	30	–	–	**30**	3 500
Robert Hunink	30	10	–	**40**	32 500
Werner Fleischmann	19	–	–	**19**	1 708 883
Total	**199**	**10**	**–**	**209**	**2 077 124**

[1] This Board member resigned in May 2023.

[2] These Board members were elected in May 2023.

[3] For further information on the committees, please refer to the chapter on Corporate Governance, under the heading Committes.

As of the balance sheet date, there are no loans between the company and the Group Management. However, there are other short-term liabilities to Group Management in the amount of CHF 0.05 million. The compensation and the number of shares held by the Group Management are composed as follows:

in thousand CHF	Salary Fix in cash	Variable [1] in cash	Employer [2] social contributions	**Total**	**Ownership of shares**
For the year 2023					
Markus Brütsch, CEO / CFO (until 30.06.23)	188	100	45	**333**	228 220
Fabian Leu, Markus Pfannkuch, co-CEO's (since 01.07.23)	198	–	25	**223**	6 600
Group Management Total	**1 015**	**190**	**176**	**1 381**	**242 320**

in thousand CHF	Salary Fix in cash	Variable [1] in cash	Employer [2] social contributions	**Total**	**Ownership of shares**
For the year 2022					
Markus Brütsch, CEO / CFO	375	150	91	**616**	228 220
Group Management Total	**1 025**	**189**	**190**	**1 404**	**242 320**

[1] During 2023 and 2022 no share-based compensation was made to the Group Management. The bonus payments are based on the last financial year (2022) and are only paid out in the following year.

[2] These amounts comprise payments to pension plans (mandatory and non-mandatory), ESPPs and other social contributions.

No compensation was made to former members of the Board of Directors or Group Management. Furthermore, no payments at more favorable conditions were made to active or former members of the Board of Directors or Group Management.

9. Depreciation, amortization and impairment

As of 31 December 2023, depreciation, amortization and impairment includes, on the one hand, the normal depreciation on property, plant and equipment in the amount of CHF 0.1 million (2022: CHF 0.1 million). On the other hand, it includes an impairment of the investment Unio S.A. (see note 5) in the amount of CHF 2.8 million (2022: CHF 8.2 million).

10. Pledged assets / other securities

As of 31 December 2023, and 2022, Precious Woods Holding Ltd liabilities of CHF 26.0 million are secured by land securities in Brazil (see note 7).

11. Other note / Full time employment

The full-time employment of Holding employees for the year 2023 amounts to 15.3 FTE (2022: 14.3 FTE). We refer to the social key figures in the sustainability report for further information.

12. Other note / Lease liabilities

The leasing liabilities are recorded in the balance sheet as short- and long-term on the basis of the economic approach, which includes all leasing contracts with the exception of short-term contracts (up to 12 months term) and low-value assets. The right-of-use is capitalized in the balance sheet and the leased assets are depreciated over the term of the lease.

in CHF	Asset class	Useful life	2023	2022
Position of balance				
Property, plant, equipment and lease (rights-of-use assets)	Vehicles	3 years	12 742	23 178
	Office spaces	5 years	130 533	217 554
	IT equipment	5 years	13 270	1 977
Total rights-of-use assets			**156 545**	242 709
Total Leasing liabilities (short- and long-term)			**155 166**	238 698

Position of income statement	**1.1.-31.12.2023**	**1.1.-31.12.2022**
Depreciation (rights-of-use assets)	–99 276	–100 458
Interest expenses lease liabilities	–2 396	–3 295

13. Other note / Liabilities to pension funds

As of 31 December 2023, other current liabilities include pension fund liabilities in the amount of CHF 0.1 million (2022: CHF 0.0 million).

14. Other note / Significant events after the reporting date

There were no significant events after the balance sheet date which could impact the book value of the assets or liabilities or which should be disclosed here.

Proposal for the appropriation of the accumulated losses

Motion of Board of Directors

The Board of Directors proposes to the Annual General Meeting on 22 May 2024 to carry forward the loss for the financial year ended 31 December 2023 of CHF 9.3 million:

in thousand CHF	2023
Appropriation of losses	
Loss carried forward	–44 336
Loss for the year	–9 339
Total to be carried forward	**–53 675**

KPMG

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Report of the Statutory Auditor to the General Meeting of Precious Woods Holding AG, Zug

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Precious Woods Holding AG (the Company), which comprise the balance sheet as at 31 December 2023, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 94 to 102) comply with Swiss law and the Company's articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and 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 Company in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession, 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.

Material uncertainty related to Going Concern

We draw attention to note 6, section Going Concern – Debt restructuring / refinancing of the financial statements, which indicates that material uncertainties exist in relation to debt restructuring, refinancing and ensuring solvency. As stated in note 6, these events or conditions, along with other matters as set forth in note 6, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Should the going concern assumption no longer be appropriate, the financial statements would have to be prepared based on liquidation values.

Other matter

The financial statements for the year ended 31 December 2022 were audited by another statutory auditor who expressed an unmodified opinion on those statements on 24 April 2023.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and 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, 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.

Board of Directors' Responsibilities for the Financial Statements
The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the 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 Board of Directors either intends to liquidate the Company or to cease operations, or has 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 Swiss law and SA-CH 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.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

– Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed carry forward of the accumulated losses complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

Tino Hutter
Licensed Audit Expert
Auditor in Charge

André Stampfli
Licensed Audit Expert

Zug, 24 April 2024

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