



PRECIOUS WOODS

Precious Woods Holding Ltd
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Zug, 17 April 2020

Invitation to the 29th ordinary Annual General Meeting

On Thursday, 14 May 2020, 10.00 am, in the offices of Precious Woods Holding Ltd., Lagerstrasse in 8021 Zurich

The Board of Directors of Precious Woods Holding Ltd. has decided, in accordance with article 6a of the COVID-19 Ordinance 2 of the Swiss Federal Council of 16 March 2020, that the Annual General Meeting will take place on 14 May 2020 without the presence of shareholders. We assume that this provision will remain in force. Shareholders may only exercise their voting rights through the independent proxy Dr Urs Egli.

Dear Shareholders

The positive news up front: Precious Woods has made tremendous progress operationally, and our volumes of sawn timber production have increased in both Gabon and Brazil. And despite massive disruptions to our activities at both locations, we improved EBITDA during the reporting year from 11 % to 13 % on a normalized level.

2019: An accumulation of challenges

The disruptions described in the following report, especially in Gabon but also in Brazil, posed a major challenge for management and our operating sites and demanded an extraordinarily high degree of attention, good decision-making, and strong nerves. The outcome of these efforts can be summarized as follows: We missed our targets, but with great effort we maintained our result. Or to put it another way: when so many obstacles have to be overcome and a result like this is achieved anyway, things can only get better!

Undiminished faith in Precious Woods

Not only our experienced and stable team in Switzerland, Gabon, and Brazil makes me confident that our progress will be reflected in our facts and figures in the near future as well – we also made substantial investments at both locations, creating the prerequisites for increased production and enhanced productivity. Processes have also been optimized and ensured, and we are always learning how to do even better. In 2020, our new hardwood sawmill in Bambidie will begin operations, and I am convinced that this project will have a positive impact. All of this – plus the large and small things we can improve – will help us to make great operational progress.



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Our business model takes on an entirely new meaning in light of the current climate debate. Our core activity continues to be the sustainable production of products from tropical woods, maintaining a high standard of compliance with economic as well as environmental and social criteria. One of the benefits of our work is our contribution to binding and reducing carbon. Our work helps to maintain the ecological functions of our intact forest areas, and our harvesting activities increase carbon sequestering and CO₂ reduction thanks to demonstrably greater tree growth and long-term carbon storage in our manufactured wood products. Here as well, we see optimization potential for Precious Woods – for example by recycling residual wood in Bambidie and increasing yield at both locations.

Increase in value – both operational and financial

The operational improvements are unfortunately not reflected in our figures. High inventory levels due to delivery delays, unrealized margins, and special effects have had a negative impact on our income statement and liquidity. During the current reporting period, investments in the amount of EUR 5.7 million were made, which will certainly increase the value of our company in future. We are currently intensively pursuing projects for qualitative and quantitative growth and are convinced that we will be able to take advantage of opportunities that will arise in this regard.

During the current reporting period, the biomass situated in our forest areas was reassessed at fair value due to current regulations, and land values in Brazil were also revalued. These adjustments pursuant to regulation led to an improvement in our equity ratio but also to a more realistic presentation of the intrinsic value of our company.

Criteria for sustainable investment

I have now had the privilege of accompanying Precious Woods for more than ten years. And I am convinced that if the concept of sustainability is understood correctly, it will be difficult for any company refinanced on the capital market to keep up with us. The fact that we are still having difficulty refinancing ourselves and unrealistic expectations are being placed on Precious Woods in terms of capital costs and returns shows that the valuation criteria of traditional financing institutions evidently are not aligned with our standards. We will not give up influencing the framework conditions in this regard.

Outlook and thanks

Numerous events beyond our control had a negative impact on our 2019 result. We were nevertheless able to create the conditions for a successful 2020, and we will do everything we can to reach our defined targets. We will succeed in doing so unless factors – institutional or infrastructural restrictions, as well as the effects of the COVID-19 virus – will hinder our work too much. At the time of writing this annual report, the consequences for our company of this global crisis are still difficult to assess.

As mentioned above, my confidence in Precious Woods is based in part on our dedicated, motivated, and experienced team. Numerous specialists and managers in Gabon and Brazil work hard every day to master the demanding tasks as well as the setbacks in their everyday work. And in Switzerland, our Group Management, support and sales staff make tremendous efforts for the benefit of our customers, our Group, and our mission. On behalf of the Board of Directors, I would therefore like to thank our approximately 1 500 employees for their incredible dedication. I would also like to thank Markus Brüttsch for his extraordinary commitment, reliability, professionalism, and nerves of steel especially during 2019. And I would like to thank my colleagues on the Board of Directors for their great commitment and good cooperation.

My last but all the more important thanks go to our shareholders. Precious Woods, the Board of Directors and I personally thank you sincerely for your loyalty and your continued interest in and support for our mission, activities, and commitment – and perhaps also for introducing our work to new stakeholders.



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The Annual General Meeting will take place on 14 May 2020 and will be chaired by Katharina Lehmann, Chairman of the Board of Directors. The following agenda items are to be voted on.

Agenda item	Motions of the Board of Directors
1. Annual Report, consolidated financial statements and financial statements 2019	Approval and to note the reports of the statutory auditor
2. Consultative vote on the remuneration Report (Financial statements 2019 of PW Holding)	Approval
3. Discharge of the members of the Board of Directors and Management for the financial year 2019	Approval
4. Carrying forward of the net profit of the year, CHF 3'299'549.74	Approval of the carry forward of the profit
5. Election of the Board of Directors	Elections separately for a one year term: 5a. Re-election Katharina Lehmann 5b. Re-election Markus Brüttsch 5c. Re-election Robert Hunink 5d. Re-election Prof. Dr. Jürgen Blaser
6. Election of the auditor	To re-elect Ernst & Young AG, Zurich, for a term of one year

General matters

The shareholders may exercise their voting rights or have them represented as follows:

Exclusively by the independent proxy (Dr. Urs Egli, epartners Rechtsanwälte AG, Puls 5, Hardturmstrasse 11, 8005 Zurich). The enclosed form "grant of proxy" is sufficient for granting power of proxy

The shareholders entered in the share register as of 1 May 2020 with voting rights shall be entitled to vote. No entries shall be made in the share register in the period from 2 to 14 May 2020.

Please return the enclosed grant of proxy form to ShareCommService Ltd no later than 13 May 2020.

The full annual report is now available for download and in an online version on the website www.preciouswoods.com. A printed version can also be ordered via the proxy form.

Further information:

Precious Woods Holding Ltd, Katharina Lehmann (Chairwoman)

Markus Brüttsch (CEO/CFO, Delegate) Tel. +41 41 726 13 13, investor@preciouswoods.com

Yours sincerely, in the name of the Board of Directors

Katharina Lehmann, Chairwoman

Encl.:

- Grant of proxy for the ordinary Annual General Meeting
- Return envelope to ShareCommService, Glattbrugg