



PRECIOUS WOODS

Precious Woods Holding Ltd
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Zug, 5 May 2021

Invitation to the 30th ordinary Annual General Meeting

On Thursday, 27 May 2021, 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 27 of the COVID-19 Ordinance 3 of the Swiss Federal Council of 19 June 2020 (status 15 April 2021), that the Annual General Meeting will take place on 27 May 2021 without the presence of shareholders. Shareholders may only exercise their voting rights through the independent proxy Dr Urs Egli.

Dear Shareholders

Covid-19 rapidly spread across the globe in 2020, putting the world into a state of emergency. Precious Woods was affected in Gabon, Brazil, the Netherlands and also in Switzerland. We will look at this impact in detail in the annual report. The enhanced health protection measures, the reduced headcount for part of the year, two serious cases of illness resulting in death, as well as the restricted travel possibilities for our management, our foreign employees in Gabon, and our sales specialists demanded a great deal of flexibility, perseverance, and adaptability from all our employees – and also a steep learning curve in using digital communication to manage work across continents and languages. The fact that, despite the extraordinary situation, we managed the challenges in the manner outlined this year, is an outstanding achievement by our entire team. These operational successes make us optimistic for the years to come.

2020: A successful operational year

Across the Group as a whole, we increased sales, revenue, and production compared to the normalized values of the previous year. The revenue increases in Brazil are apparent, while the increases in Gabon are still concealed in the high inventory volumes. The extent of the infrastructure difficulties in Gabon was especially high this year and had an enormous impact on operations, our team, and liquidity. Overall, however development in the sawmills has been positive: in terms of technology, revenue, and volume. And we are making good and rapid strategic and operational decisions today. This is especially important in situations that cannot always be planned. The fact that we are reporting a net loss in 2020 is due to the special situation and the high interest burden as well as the poor result of our veneer plant TGI.

Good prospects for wood – and also for tropical wood

The worldwide demand for wood is increasing. In 2020, we suffered price losses due to high inventory volumes of our customers, market uncertainties due to the pandemic, and also restrictions imposed at individual producers. This situation will improve in 2021, and we expect rising prices and a recovery of demand. The challenge will be to use our versatile tropical woods also in the construction sector or in the sales channel of do-it-yourself markets. This requires additional investments in further processing and increased technical expertise from our teams.



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Investing in the future and new partnerships

In Gabon, the new sawmill for hardwood was put into operation with a delay in spring 2020. Since the beginning of 2021, we have been working in two shifts, and we firmly believe that the investments will contribute to future revenue. At the same time, we are convinced that the new partnership we have found for our veneer production in Owendo (TGI) represents a sustainable solution for its successful further development. The new company, Compagnie des placages de la Lowé (CPL), has been active since 1 October 2020 and strengthens the competence of Precious Woods in several areas.

In Brazil, the smaller renewal and replacement investments we made during the reporting year resulted in increases in volume, productivity, and revenue as described in this report. Strategic investments continue to be necessary at our Brazil location as well. On the one hand, we intend to repurchase the shares in BK Energia so that we own 100 % of this extended value creation. On the other hand, we hope to secure additional public or private concessions in order to expand our activities for the long term. "Use it or lose it" continues to be our declared goal with regard to the utility of the intact forest areas in this region.

Our credibility continues to be our greatest asset

Audits, such as for FSC or PEFC recertification, have been part of our third-party monitoring processes for years. We are now also examining other activities, such as, according to the criteria of the Forest 500 assessment, an initiative of Global Canopy. This includes an assessment of the contributions a company makes to minimize the risk of tropical deforestation. We are proud to have been ranked first among the world's timber processors and eleventh overall out of 500 companies and financial institutions. We are equally proud of our SPOTT classification (Sustainability Policy Transparency Toolkit), an initiative of the ZSL (Zoological Society of London). Here, Precious Woods achieved second place out of 100 companies assessed.

Outlook and thanks

Infrastructural and institutional obstacles, along with the effects of the global pandemic, have again impacted our activities. With sales growth of 4.1% and an EBITDA margin of 12.5 % (previous year: 13.2 %), we can nevertheless look back on a reasonably successful year 2020. Thanks to our investments, the current market situation, and our proven management with many years of experience, we are also optimistic for the coming year.

On behalf of the entire Board of Directors, I would like to take this opportunity to thank the management in Switzerland, Gabon, and Brazil for their flexibility, great dedication, and strong performance. The responsibilities and business conditions were especially demanding and challenging in 2020 – in sales, at the production sites, in management, and also in the provision of support services. And I would like to thank our more than 1 500 employees at Precious Woods for their solidarity and outstanding commitment. I would also like to thank Markus Brüttsch for his extraordinary dedication, his nerves of steel, and transparent and reliable management and collaboration. And I thank my colleagues on the Board of Directors for their constructive and close collaboration at all times. I would not want to miss our monthly, virtual exchanges. Nevertheless, I hope that physical meetings will soon again be possible.

Last but not least, on behalf of the entire Board of Directors and all employees, I would like to express our gratitude to our shareholders. We would like to thank you for your loyalty and for continuing to support, accompany, and promote our activities and engagement.

We have again decided to hold this year's General Meeting without the physical attendance of shareholders. We very much hope to be able to invite you to an event in the second half of 2021 and to use this opportunity to engage in valuable conversations.

Yours faithfully
Katharina Lehmann
Chairwoman of the Board of Directors



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The Annual General Meeting will take place on **27 May 2021** and will be chaired by Katharina Lehmann, Chairwoman 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 2020 | Approval and to note the reports of the statutory auditor |
| 2. Consultative vote on the remuneration Report (Financial statements 2020 of PW Holding) | Approval |
| 3. Discharge of the members of the Board of Directors and Management for the financial year 2020 | Approval |
| 4. Carrying forward of the net loss of the year, CHF 2'599'752.10 | Approval of the carry forward of the loss |
| 5. Renewal of Article 3d of the Articles of Association (Authorized capital of CHF 1 million shares) | Approval |
| 6. Amendment of Article 3 of the Articles of Association (Share structure) | Approval |
| 7. Election of the Board of Directors | Elections separately for a one-year term: 7a. Re-election Katharina Lehmann 7b. Re-election Markus Brüttsch 7c. Re-election Robert Hunink 7d. Re-election Prof. Dr. Jürgen Blaser |
| 8. Election of the auditor | To re-elect Ernst & Young AG, Zurich, for a term of one year |

Comments on the agenda items and motions of the Board of Directors

Explanatory notes on agenda item 5 (Renewal of Article 3d of the Articles of Association):

The authorized capital (Article 3d of the Articles of Association) expires on 15 May 2021. To continue to ensure sufficient business flexibility, the Board of Directors applies to create new authorized capital to allow at any time performing a capital increase through the issuance of a maximum of 1 million fully paid registered shares with a nominal value of CHF 1.00 each. The term expires 19 May 2023.

The Board of Directors has demonstrated sufficient judgement in the past to be able to continue to deal responsibly with this competence, which pertains to the Annual General Meeting.

Explanatory notes on agenda item 6 (Amendment of Article 3 of the Articles of Association):

The Federal Act of 21 June 2019 implementing recommendations of the Global Forum on Transparency and Exchange of Information for Tax Purposes (Federal Act) will effectively abolish the bearer share. The new provisions came into force on 1 November 2019 and must be implemented by 31 April 2021. Precious Woods has no need to act on the basis of this new legal provision, as Precious Woods owns registered shares and does not issue bearer shares. However, as a consequence, Article 3 of the Articles of Association must be amended and the addition "By amending the Articles of Association, registered shares may be converted into bearer shares and bearer shares into registered shares" deleted without replacement.



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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 12 May 2021 with voting rights shall be entitled to vote. No entries shall be made in the share register in the period from 13 to 27 May 2021.

Please return the enclosed grant of proxy form to ShareCommService Ltd no later than 26 May 2021 (12.00 noon).

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

Encl.:

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