



## Media release

### Negative result despite higher sales

Zug, August 16, 2023 – In the first half of 2023, Group sales amounted to EUR 32.9 million, and earnings before interest and taxes (EBIT) amounted to EUR -0.2 million or -0.6 %. Sales growth was 5.0 % compared to the same period of the previous year, and EBIT fell by EUR 3.0 million. This disappointing result reflects the difficult economic environment with substantial cost increases. Working capital increased again by EUR 0.6 million, reaching a new high of EUR 24.8 million. At the beginning of the year, operations in Gabon had to be shut down for about five weeks because diesel supplies could no longer be replenished due to a landslide. Another shutdown occurred in June, lasting several days. Maintenance work was performed earlier than scheduled, compensating for part of the shortfall in production. The sawmills in both Gabon and Brazil produced 21 % less sawn timber in the first six months. In December 2022, it was not possible to transport the entire harvested volume in Brazil, leading to a shortage of logs in the first half of 2023. Moreover, not all goods ready for shipment could be shipped, because transport routes once again did not function properly. Consequently, the Group's net result in the first half-year was EUR -3.1 million (same period of the previous year: EUR -0.3 million). The generated cash flow was below expectations due to the high level of capital tied up in inventory. Debt increased by EUR 1.6 million from the end of the previous year, mainly due to the CHF/EUR exchange rate. The outlook and expectations for 2023 as a whole are being downgraded, given that no positive impulses can be expected from the market environment in the coming months.

in EUR million	30.06.23	30.06.22	Index	Change
<b>Net Sales Precious Woods Group</b>	<b>32.9</b>	<b>31.3</b>	<b>105.0%</b>	<b>+1.6</b>
Net Sales Precious Woods Gabon	19.3	18.5	104.7%	+0.9
Sawmills	12.6	13.6	93.0%	-1.0
Net Sales Precious Woods Amazon	8.4	8.8	95.7%	-0.4
Sawmills	8.0	8.5	94.6%	-0.5
Net Sales Energy Biomass power plant	1.5	1.7	91.2%	-0.1
Net Sales Precious Woods Trading	4.5	4.0	113.3%	+0.5

**Earnings** before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR 2.0 million (previous year: EUR 5.1 million), corresponding to a margin of 6.1 %. Earnings before interest and taxes (EBIT) reached EUR -0.2 million (previous year: EUR 2.8 million) and a margin of -0.6 %.

The **financial result** was below the previous year period at EUR -2.2 million (previous year: EUR -2.0 million). The current interest charge amounted to EUR 1.5 million (previous year: EUR 1.3 million). The net result was EUR -3.1 million (previous year: EUR -0.3 million); EUR 0.5 million of this decline was due to exchange rate effects.

The sawmills in **Gabon** produced a total of 20 724 m<sup>3</sup> of sawn timber, a reduction of 21.0 % (previous year: 26 241 m<sup>3</sup>). The reduction in volume is due on the one hand to the closure of one of the three sawmills, and on the other hand to the fuel-related interruptions of production. Most of the maintenance work in the sawmills was accordingly already carried out in January – during the production interruptions – and not in May as usual.



## PRECIOUS WOODS

Net sales in Gabon were 4.7 % above the same period of the previous year, reaching EUR 19.3 million (previous year: EUR 18.5 million). Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR 1.3 million (previous year: EUR 3.0 million). The EBITDA margin was 6.9 % (previous year: 16.2 %).

The production volume in **Brazil** was 16 496 m<sup>3</sup> of sawn timber, 21.1 % lower than in the previous year (20 900 m<sup>3</sup>). Since the end of the previous year, we have alternately shut down parts of the sawmill lines and furloughed employees. Although sufficient logs have been available again since July, we have maintained this status quo due to a lack of demand.

Net sales were 4.3 % below the previous year, reaching EUR 8.4 million (previous year: EUR 8.8 million). Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR 1.1 million, a decline of EUR 1.5 million (previous year: EUR 2.7 million). This resulted in an EBITDA margin of 13.5 % (previous year: 30.4 %).

Net sales from **trading** in European logs and sawn timber amounted to EUR 4.5 million, an increase of EUR 0.5 million compared to the same period of the previous year (EUR 4.0 million). The EBITDA margin was 5.7 % (previous year: 13.1 %).

In the first half-year, **Carbon & Energy** produced 14 800 tons of CO<sub>2</sub> equivalents. The next sale will take place in 2025 at the earliest due to new UNFCCC regulations. Sales from energy production amounted to EUR 1.5 million (previous year: EUR 1.7 million). The energy production enables the company to cover its own needs but also to supply the nearby town with electricity. The EBITDA margin was 27.6 %.

### Outlook

Due to the global economic situation, in particular with regarding to construction materials in Europe, it is extremely difficult to estimate output in the second half of 2023. The order situation is at a low, and we will slow down production capacities so as not to tie up even more capital in inventories. Fixed costs cannot be reduced to the same extent, which further burdens the cost situation for now. If demand increases, we can respond quickly and ramp up production again. Due to slower production, we expect a reduction in inventories and also in accounts receivable. Although the reduction in working capital will have a positive impact on liquidity, the loss situation will diminish this impact.

We are working on a concept to reduce the high debt burden with the associated interest in order to obtain opportunities for targeted investments in value chain and growth.

The complete half-year report is available for download or as an online version at [www.preciouswoods.com](http://www.preciouswoods.com). You also have the option of ordering a printed version via our website under "Contacts/Annual Reports Request" or by e-mail to [media@preciouswoods.com](mailto:media@preciouswoods.com). To receive regular press releases, the newsletter is available on our website under "Contacts/Subscribe Newsletter".



## PRECIOUS WOODS

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Precious Woods is an international company active in the sustainable management and use of tropical forests. The company's core activities include sustainable management of tropical forests, timber processing and the trading of FSC-certified timber products. The generation of emission rights and electricity from wood waste represent further integral elements of the company's business. Additional information about Precious Woods can be found at [www.preciouswoods.com](http://www.preciouswoods.com)

This document includes forward-looking statements that reflect the Company's intentions, beliefs or current expectations and projections about the Company's future results of operations, financial condition, liquidity, performance, prospects, strategies, opportunities and the industry in which it operates. Forward-looking statements involve all matters that are not historical fact. Such statements are made on the basis of assumptions and expectations which, although the Company believes them to be reasonable at this time, may prove to be erroneous.

### Precious Woods Group – Key figures

in thousand EUR

INCOME STATEMENT	30.06.2023		30.06.2022	
<b>Total revenue</b>	<b>32'875</b>	<b>100.0%</b>	<b>31'321</b>	<b>100.0%</b>
Production costs	-18'771	-57.1%	-14'609	-46.6%
<b>Operational contribution</b>	<b>14'104</b>	<b>42.9%</b>	<b>16'712</b>	<b>53.4%</b>
Labour costs	-10'300	-31.3%	-10'193	-32.5%
Other operating costs	-1'796	-5.5%	-1'467	-4.7%
<b>EBITDA</b>	<b>2'008</b>	<b>6.1%</b>	<b>5'052</b>	<b>16.1%</b>
Depreciation and amortization	-2'219	-6.7%	-2'214	-7.1%
<b>EBIT</b>	<b>-211</b>	<b>-0.6%</b>	<b>2'838</b>	<b>9.1%</b>
Financial result	-2'244	-6.8%	-1'957	-6.2%
<b>EBT</b>	<b>-2'455</b>	<b>-7.5%</b>	<b>881</b>	<b>2.8%</b>
Income taxes	-599	-1.8%	-1'144	-3.7%
<b>Net profit / -loss</b>	<b>-3'054</b>	<b>-9.3%</b>	<b>-263</b>	<b>-0.8%</b>
BALANCE SHEET	30.06.2023		31.12.2022	
Current assets	42'581	29.7%	39'930	29.3%
Non-current assets	100'701	70.3%	96'469	70.7%
<b>TOTAL ASSETS</b>	<b>143'282</b>	<b>100.0%</b>	<b>136'399</b>	<b>100.0%</b>
Current liabilities	43'424	30.3%	40'208	29.5%
Non-current liabilities	47'170	32.9%	45'829	33.6%
Equity	52'688	36.8%	50'362	36.9%
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>143'282</b>	<b>100.0%</b>	<b>136'399</b>	<b>100.0%</b>