Annual Report

PRECIOUS WOODS

◀ **Cover:**
Forest area of Gabon
Back:
Sawn timber in the sawmill of Gabon

Precious Woods 2022 – Increased sales and costs

Increase in sales to

65.9
EUR million

EBITDA margin

20.2 %

The terms FSC® and Forest Stewardship Council® used in this annual report are registered trademarks of Forest Stewardship Council, A.C. (FSC® C004141)

The term PEFC™ used in this annual report is registered trademark of Programme for the Endorsement of Forest Certification Schemes (PEFC™ 15-31-0090)

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.

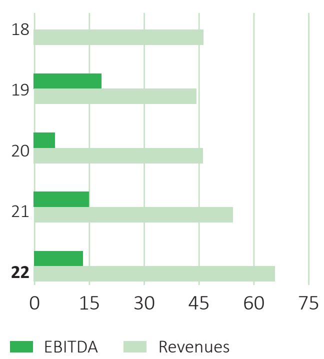
Key figures and information for investors

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

	2018	2019	2020	2021	2022
Revenues	**46 349**	**44 380**	**46 186**	**54 299**	**65 866**
Depreciation, amortization and impairments	3 416	4 494	3 882	4 329	6 417
Depreciation and amortisation	3 435	2 239	3 922	4 317	4 115
Impairments	–19	635	–40	12	2 302
EBITDA	**5 111**	**18 450**	**5 769**	**15 066**	**13 332**
in % of revenues	11.0%	41.6%	12.5%	27.7%	20.2%
EBIT	1 695	13 956	1 887	10 738	6 915
in % of revenues	3.7%	31.4%	4.1%	19.8%	10.5%
Net result	**–1 717**	**7 973**	**–2 181**	**4 685**	**965**
in % of revenues	–3.7%	18.0%	–4.7%	8.6%	1.5%
Balance sheet total	73 435	131 076	109 443	117 438	136 399
Shareholders' equity	**11 614**	**55 104**	**39 309**	**44 438**	**50 362**
in % of the balance sheet total	15.8%	42.0%	35.9%	37.8%	36.9%
Net indebtedness	**34 441**	**41 631**	**41 910**	**42 184**	**46 145**
Cash flow from operating activities	**3 307**	**3 806**	**5 868**	**6 049**	**6 348**
Investments/acquisitions	–3 542	–4 650	–4 038	–2 332	–5 495
Average full-time-equivalent employee	1 408	1 498	1 548	1 560	1 539

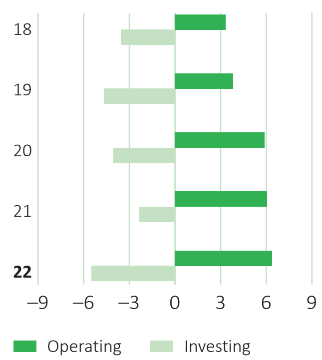
EBITDA and Revenues

EUR million



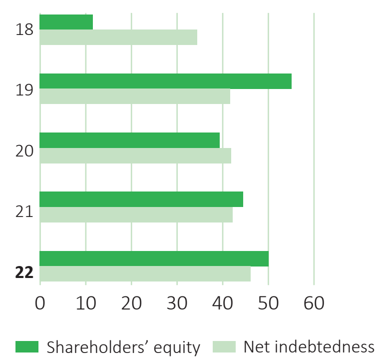
Cash flow from operating and investing activities

EUR million



Shareholders' equity and Net indebtedness

EUR million



Revenues by business segment

2022

65.9

million EUR

2021

54.3

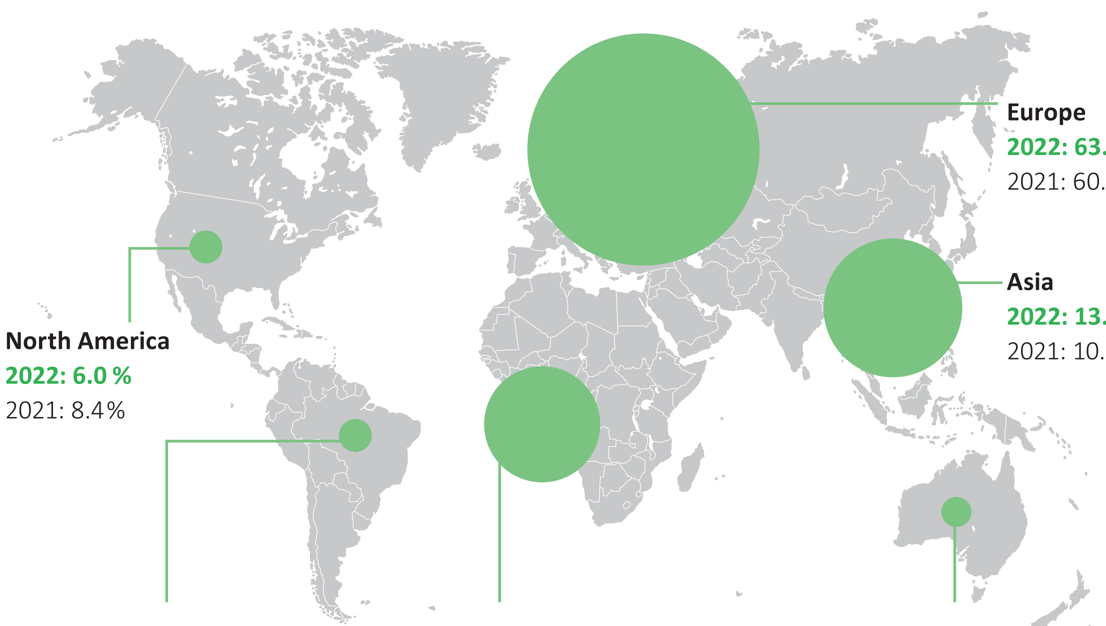
million EUR

Sustainable forest management Brazil
2022: 29.5 %
2021: 28.7%

Sustainable forest management Gabon
2022: 60.5 %
2021: 65.0%

Trading
2022: 10.0 %
2021: 6.3%

Revenues by market region



Europe
2022: 63.8 %
2021: 60.3%

Asia
2022: 13.8 %
2021: 10.0%

North America
2022: 6.0 %
2021: 8.4%

Latin America
2022: 13.5 %
2021: 12.3%

Africa
2022: 2.9 %
2021: 9.0%

Australia
2022: 0.0 %
2021: 0.0%

2022

65.9

million EUR

2021

54.3

million EUR

Contents

Operational review

Financial report

Shareholders' letter

I am very grateful to have served as part of this extraordinary company, and I will continue to do so as a shareholder.

Katharina Lehmann, Chairwoman

Picture large: Forest area in Brazil
Picture small: Control forestry activity PW Amazon, Brazil

To our shareholders

Katharina Lehmann
Chairwoman of the BoD

Dear Shareholders

Precious Woods was able to increase sales by 21.3% to EUR 65.9 million in 2022. This was due to increased production volumes, internal effects, and higher sales prices for our sawn timber products. At the same time, we faced massive cost increases, in particular due to higher diesel prices in Gabon. We had to take drastic measures and create provisions at the end of the year. All these effects mean that the operating performance of our companies and employees in Gabon, Brazil, Switzerland, and Trading – but also the progress within our management and process organization – cannot be clearly expressed in economic terms. Overall, we are reporting an EBITDA margin of 20.2% and an EBIT margin of 10.5%. Although these margins are smaller than in the previous year, they are still sizeable in my view, with or without considering the valuation effects of the change in biomass.

The question is how you, as shareholders, interpret this result. Allow me to give you my very personal assessment one last time:

Our customers/sales markets
Tropical woods have excellent technical and aesthetic properties. In the wake of the increased general demand for wood and wood-based materials, the demand for sustainably produced wood products made from tropical timber will also increase. Our international, and in Brazil increasingly local, customers appreciate Precious Woods as a partner for secure and sustainable tropical forest management.

Our work
Over many years, Precious Woods has demonstrated that our use of the tropical forests we manage is sustainable, meeting all ecological requirements, preserving the functions of the forest, and making valuable contributions to the protection of biodiversity and the climate. Today, we have the infrastructure and expertise to process and distribute our products and services. We are also able to rely on the specialists and managers of today and tomorrow who are committed to the future and to continue develop the company.

Our business environment
Working with tropical timber in countries such as Gabon or Brazil remains challenging. During my 15 years of work for our company, I have learned to accept the facts, but also to work vigorously on all the tasks we are able to influence. This includes demanding performance, dedication, and flexibility, developing local specialists and managers, but also trusting people who drive our company forward with their knowledge and skills and who never get tired of acting, debating, and pursuing our three goals with persistence and credibility – with their heads, their hearts, and their hands. It's an easy task to explain the strong development of Precious Woods in a difficult business environment. The key is the people who – at all levels and in all areas – show dedication every day to our company and our mission.

Our potential
I am still convinced that if Precious Woods didn't exist, we would have to invent it. Our credibility in sustainable tropical forest management is an asset that I believe is very important and significant if we, as a society, are to answer questions about how to deal with forest resources in future. Sustainable forest management – also in tropical forests – continues to be an important concept for solving the imminent challenges. Precious Woods offers the potential to contribute to climate, resource, and energy policy – and, as an employer, to contribute to all tasks aimed at ensuring social, environmental, and economic stability locally in Brazil, Gabon, or even other locations in future.

Our challenges
The further development of Precious Woods requires resources – especially capital. Investments in internal value creation are necessary to enhance customer value and profitability and to eliminate weaknesses. And we see potential to expand our operations. What is still urgently necessary for us, is to refinance our debt capital and repay loans.

Refinancing means that we need additional equity to reduce our interest burden. Our aim must be to reduce debt in relation to the result generated.

Our thanks

First and foremost, we would like to thank you, our shareholders, for placing your trust in us and for supporting us in our mission. We would also like to thank all our lenders for their generous support.

On behalf of the entire Board of Directors, I would like to thank all our employees for their daily commitment and for what they achieve. I would also like to thank the managers in Gabon, Brazil, and Switzerland who guide the company's destiny.

And I would like to thank my colleagues on the Board of Directors for our good and constructive work together and, in particular, Markus Brütsch for his great dedication.

I am very grateful to have served as part of this extraordinary company, and I will continue to do so as a shareholder.

I sincerely wish the future leadership, the Board of Directors, management, and all the employees of Precious Woods every success, good decisions, and the full confidence of our shareholders and investors.

Yours faithfully

Katharina Lehmann
Chairwoman of the Board of Directors

Sustainability

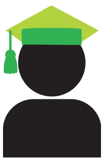
We maintain our own plant nurseries to ensure the long-term conservation of tropical forests in our areas.

Picture large: Growing the tree seedlings in Gabon
Picture small: PW staff working in the cultivation station, Gabon

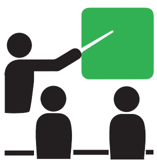
Precious Woods
When sustainability is more than words

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 about 1 500 people in Brazil, Gabon and Switzerland in 2022.

Indicators training 2022 (2021)



Training hours
773 (1 493)



Training hours per employee
0.5 (1.0)

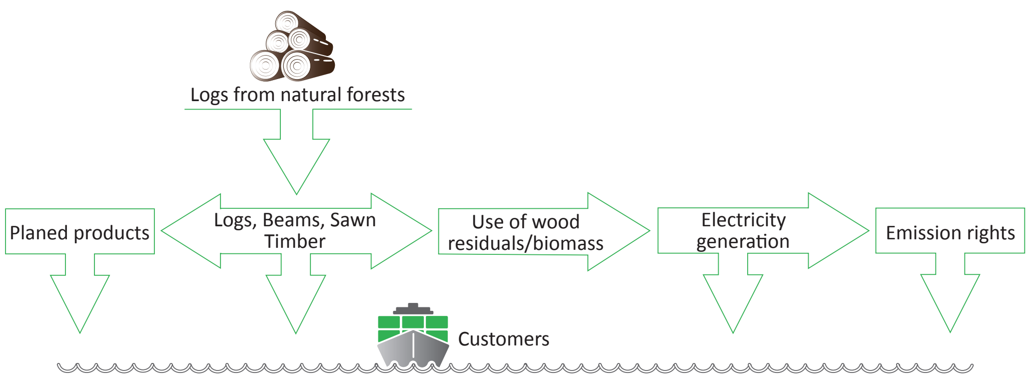
Vision

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. Main target groups are the shipbuilding and hydraulic engineering sector, garden, building and road construction, as well as outdoor furniture manufacturers in Europe, Brazil, Asia, and the US. 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 uses 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. Medium-term goals are an EBITDA margin of 20% of net annual sales and an equity ratio of about 40%. 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 stocks, 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 also result in lower 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 management. 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. In 2022, the report will be aligned with the Global Reporting Initiative (GRI) guidelines.

Indicators Health and safety
2022 (2021)

Accidents at work
93 (143)

Accidents per 1000 employees
60 (94)

Days lost per accident
9.0 (8.9)

Fatal accidents at work
- (-)

Indicators employees
2022 (2021)

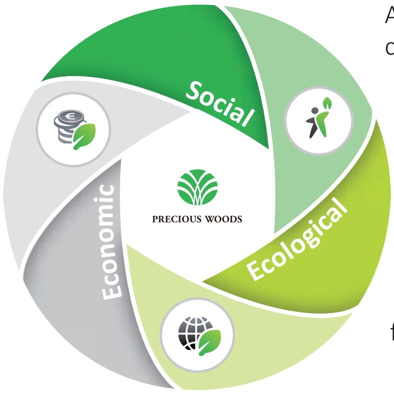
Number of employees total (yearly-Ø)
1 539 (1 560)

Brazil
797 (755)

Gabon
727 (771)

Europe
1 (1)

Corporate
14 (13)



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	493 597	596 800
Net forest area	in %	76	92
Employees		797	727
Communities		9	44
Harvest volume per year	in m^3	180 000	240 000
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 15%. At the beginning of 2023, the global FSC-certified area amounted to 193 million hectares, which is roughly equivalent to the area of Germany, France, Spain, Sweden combined. Of the total FSC-certified area worldwide, only slightly less than 11% fell to tropical forests and afforestation. This means that these forests are still heavily underrepresented in FSC certification. Precious Woods manages slightly more than 5% 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 by various multinational initiatives at the COP27 climate conference in Sharm El-Sheik in 2022.

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.

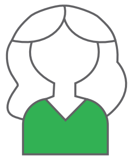
Precious Woods attaches great importance to good mutual understanding with the local population: In 2016, PW Amazon began a socioeconomic survey of the local communities, which is repeated every year. We draw on this survey to gain insights about environmental, ethnic, and religious aspects and the measures 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 2022, 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.

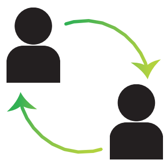
Precious Woods in Gabon – Projects for the protection of flora, fauna, and biodiversity
With the FSC and PEFC sustainability standards, PW Gabon goes far beyond other standards and legal requirements – for example in our monitoring and inspection of concession areas, the analysis of timber harvest and usage areas, as well as the professional and environmentally sound disposal of fuels, lubricants, accumulators, 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 %
7.3 (7.3)

Men
in %
92.7 (92.7)



Rate of employee
turnover
in %
6.0 (6.0)

Indicators Forest management
2022 (2021)

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

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

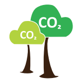
PEFC share of traded timber sold in %
87 (100)

Our contribution to ongoing protection of the forests

4 : 1

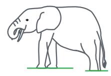
- Up to 4 m^3/ha/year growth in sustainably managed forests compared with less than 1 m^3/ha/year in protection zones
- 20 years measurement of wood volume growth

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)
- Most effective protection of biodiversity through RIL (reduced-impact logging)

Sounding Board

The responsibility for ensuring and further developing sustainability lies with the Board of Directors. The Board of Directors is supported by experts for individual cases and by the Sounding Board on a regular basis. The Sounding Board discusses new developments with Precious Woods in regard to the sustainable management of tropical forests and supports the company in its relations with local and international stakeholders and professional organizations. Topics include recommendations for reporting by Precious Woods as well as the fulfilment of sustainability goals in their economic, environmental, and social dimensions.

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

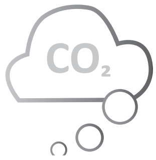
The carbon emissions generated by Precious Woods are recorded in three categories according of World Resources Institute (WRI) classification, in 2022.

	Total in metric tons of CO_2	**23 752**	**100.0 %**
Category 1	Direct emissions from fuel consumption	16 343	68.8%
Category 2	Indirect emissions from electricity consumption	166	0.7%
Category 3	Flights	333	1.4%
	Transportation	6 910	29.1%

The role of forestry in the current climate change debate

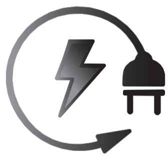
In the past two decades, more than 100 million hectares of forest have been degraded or converted into other land uses, particularly in the tropics. There are multitudinous causes: the continuing demand for land for commercial livestock farming and agriculture, slash-and-burn subsistence farming, the 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 2022 (2021)



Reduction of CO_2 emissions in t
33 694 (33 788)

Direct CO_2-emissions in t CO_2-equivalents
16 500 (15 100)



Electricity consumption in GJ
21 600 (20 100)

Fossil fuel consumption in GJ
223 400 (201 400)

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
Increased sales and costs

Precious Woods achieved consolidated net sales of EUR 65.9 million in the 2022 fiscal year, 21.3 % higher than the previous year (EUR 54.3 million). Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR 13.3 million, or 20.2 %, a decrease of EUR 1.8 million from the previous year (EUR 15.1 million). Earnings before interest and taxes (EBIT) amounted to EUR 6.9 million, EUR 3.8 million lower than the previous year (EUR 10.7 million). The net result was EUR 1.0 million (previous year: EUR 4.7 million). The EBITDA and EBIT figures include increases in the valuation of biomass in the amounts of EUR 4.1 million each. Provisions for restructuring measures in the amount of EUR 0.4 million at the EBITDA level and in the amount of EUR 2.3 million at the EBIT level are recognized.

in EUR million	2022	2021	Index	Change
Net Sales Precious Woods Group	**65.9**	**54.3**	**121.3 %**	**+11.6**
Net Sales Precious Woods Gabon	40.1	35.5	113.0%	+4.6
Sawmills	25.6	23.4	109.3%	+2.2
Net Sales Precious Woods Amazon	19.2	15.2	125.9%	+3.9
Sawmills	18.3	14.5	126.2%	+3.8
Net Sales Energy Biomass power plant [1]	3.7	1.7	216.7%	+2.0
Net Sales Precious Woods Trading	6.6	3.4	190.4%	+3.1

[1] Energy sales as of June 1, 2021

Income statement
Total income
In 2022, the entire company achieved net sales of EUR 65.9 million, an increase by 21.3% over the previous year (EUR 54.3 million). Currency effects amounted to +2.8%, volumes increased by 1.6%, and shifts in the price/product mix influenced sales by 7.5%. Revenue from electricity sales in Brazil amounted to EUR 3.7 million (previous year: EUR 1.8 million for 7 months). Sales of emission certificates amounted to EUR 0.1 million, as in the previous year.

Net sales
65.9
EUR million

The 2022 fiscal year was characterized by an attractive market situation, but also massive cost increases and more difficult operating conditions. Operating costs rose by approximately 10% over the course of the year. Fuel prices in Gabon, for example, rose every month starting in July 2022, increasing by a total of nearly 100%. They are still at a very high level. This resulted in direct additional costs of EUR 1.7 million and indirect additional costs of approximately EUR 0.7 million in 2022 for Precious Woods Gabon. For a full fiscal year, this would amount to additional costs of about EUR 6 million. We therefore had to take drastic restructuring measures. The one-off effects posted relate to personnel costs for the restructuring and the associated reduction in the number of employees from 780 to 630, along with additional depreciation expenses for one of the three sawmills and the camp at the Bambidie site. The two sawmills for Okoumé and Azobé continue to operate. Because transport capacities on the rail network were drastically reduced, we were increasingly dependent on trucks. This also led to additional costs in Gabon. We also recorded enormous cost increases for sea freight. Shipping costs per container remained at a very high level for most of the year in both Gabon and Brazil. This caused uncertainty, and customers waited before placing orders. The situation eased a bit in the last quarter of 2022, but only for shipments from Africa for Asia and Europe. In Brazil, sea freight costs are currently still at an all-time high.

Another new export certificate was introduced in Brazil, this time by the tax authorities. These measures led to delays in shipments and to additional costs for container handling. At times, the Amazon River carried so little water that shipments were possible only with delays. Fortunately, this never led to extended interruptions.

Despite all the difficult conditions, we achieved Group sales growth of about EUR 11.6 million or 21.3% in 2022. The exchange rate effects of +2.8% and the effect of the price/product mix of 7.5% are primarily due to the sale of sawn timber in the international market. Conversely, the increased share of products sold in the local market in Brazil had a slightly negative effect on our average prices, reducing the price gains achieved in our export markets. Operations in Brazil achieved an increase in sales of EUR 4.0 million or 25.9%. In Gabon, we achieved an increase in sales of EUR 4.6 million or 13.0%. This is also due to the fact that all veneer sales of CPL are made through us. Trading sales of logs and sawn timber from Europe increased and amounted to EUR 6.6 million, 90.4% or EUR 3.2 million higher than the previous year.

Operational development: Costs and market

The production volume of sawn timber in Brazil increased by 5.0%. Yield decreased by 1.2 percentage points, due to the quality of the harvested logs. The harvest volume was 185 000 m^3. Because of heavy rainfall starting in September, we were not able to transport the entire harvest volume to our site. The total volume of logs processed in the sawmill was 10.9% higher than in the previous year. In terms of volume, sawn timber sales for the local market were at the previous year's level, and sales for the export market increased by about 12.8%. Sawmill capacity was again slightly expanded thanks to targeted investments, and good capacity utilization throughout the year led to an increase in profitability.

The sawmills in Gabon processed 1.1% more logs and at the same time produced a total of 2.7% more sawn timber. This was due to a higher yield of about 0.5 percentage points. Export sales increased by 6.7% over the previous year, while sales on the local market stagnated at the previous year's level. The inventories of logs and sawn timber in the sawmills fell slightly. If sufficient transport capacities had been available, we certainly could have reduced inventories significantly. Average prices achieved for sawn timber across the Group were about 7% higher than the previous year. Slight downward price corrections were already noticeable in the second half of the year.

Our sales and distribution teams achieved strong customer loyalty and retention, even though we are not always able to ship or deliver on time because of delivery delays beyond our control of influence. We also see a general worldwide trend of increased demand for wood. This, and also the fact that we benefit from our reputation in sustainable forestry in the tropics, makes us optimistic and strengthens our market access and opportunities. An ongoing task continues to be the search for markets and applications for the approximately 50 different timber species that we process each year. With our dual certification and credibility, we have good arguments and a head start here, given that sustainability is playing an ever-greater role in the procurement of tropical timber. However, the major challenge remains to introduce even small quantities of lesser-known timber species on the markets and with customers. Europe continues to be our main sales market with a share of 63.8%, followed by Asia with 13.8%, Latin America with 13.5%, Africa with 2.9% and other countries with 6.0%. The share in Europe fell by 3.6 percentage points.

Investment
5.5
EUR million

The investment volume in 2022 was EUR 5.5 million (previous year: EUR 2.3 million). Replacement investments in forestry and processing equipment, vehicles, renewal projects in road construction, and expansion of production capacities for sawn timber in Brazil were implemented. These targeted investments will further improve the Group's earning power, especially given that the old forestry equipment in Brazil was incurring significant maintenance costs. Maintenance work was carried out at all sites as scheduled, and in Gabon even ahead of schedule.

Operational costs

Production costs increased disproportionately to sales growth. The weakness of the euro against the Brazilian real and the Swiss franc is reflected in both the income statement and the balance sheet. In euros, we recorded 17% higher costs from Brazil and 7.5% higher costs from Switzerland as a result of the exchange rates. Another cost driver was the development of purchased fuel in Gabon. The resulting cost increase amounted to EUR 2.4 million directly and indirectly. Consequently, operational costs increased by EUR 2.9 million over the previous year. Personnel costs rose by EUR 4.5 million or 24.5%. Inflation-linked wage increases amounted to 6.5% in Brazil and 1.5% in Switzerland and Gabon. Personnel costs include restructuring provisions in the amount of EUR 0.4 million. Depreciation includes EUR 1.9 million of provisions relating to restructuring.

Operating result (EBITDA)

Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR 13.3 million, a decrease of EUR 1.8 million from the previous year (EUR 15.1 million). This corresponds to an EBITDA margin of 20.2% (previous year: 27.7%). The valuation for biomass in Brazil resulted in an effect of EUR 4.1 million in 2022, analogous to the previous year.

EBITDA margin
20.2 %

PW Amazon achieved an EBITDA margin of 46.6% (previous year: 72.5%). Excluding the change in biomass, the margin would be 25.2% (previous year 45.6%). At PW Gabon, the EBITDA margin was 14.2% (previous year: 16.2%). Consolidated depreciation was EUR 6.4 million (previous year: EUR 4.3 million), 48.3% higher than the previous year due to the restructuring provision in the amount of EUR 1.9 million. At Group level, earnings before interest and taxes (EBIT) reached EUR 6.9 million (previous year: EUR 10.7 million). This corresponds to a margin of 10.5% (previous year: 19.8%).

EBIT margin
10.5 %

Financial result

At EUR -3.5 million, the financial result was slightly below the previous year's level of EUR -2.8 million, primarily due to currency effects. At the end of the year, net debt was EUR 46.1 million, EUR 3.9 million higher than the previous year (EUR 42.2 million). The increase was EUR 4.2 million due to exchange rates, but with an effective reduction of EUR 0.3 million. In the 2023 business year, short-term liabilities of around EUR 14 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 time.

Financial result
-3.5
EUR million

Net result
1.0
EUR million

Net result

Net profit was EUR 1.0 million, compared to the previous year's net profit of EUR 4.7 million. This result includes the substantial, non-inflation-related cost increases and provisions in the total amount of EUR 4.7 million as described above.

Outlook for 2023

The operational progress achieved in recent years has laid the foundation for the further development of Precious Woods. We have improved our infrastructure, processes, competencies, and knowledge. Our strategic objective includes an increase in our managed forest areas in Brazil and Gabon, which has already been partially achieved. We also aim to invest in vertical integration in Brazil in 2023 to generate more margin. Negotiations for additional concessions are underway, and individual projects for the further processing of sawn timber are in preparation. For these projects, we depend on local financing opportunities that are in sight. 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 in 2023, in part because we recognized the restructuring effects in 2022. In Brazil we expect a higher operating result, mainly due to currency effects. We assess the market situation as positive in principle, even though uncertainties currently exist due to rising interest rates – which affect the construction industry – and restrained consumer sentiment. 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. This development will include tropical timber and will make the potential visible. Because of these factors, we expect a positive development for the current fiscal year.

Balance sheet

Assets
136.4
EUR million

Total assets amounted to EUR 136.4 million, EUR 19.0 million higher than the previous year. Biomass and the value of our forest area in Brazil are valued in Brazilian Real. A large part of the existing loans at the level of the Holding are listed in Swiss francs in our books. Because of this, the change in total assets is mainly due to currency effects of our assets and liabilities.

Equity
50.4
EUR million

Equity amounted to EUR 50.4 million (previous year: EUR 44.4 million). The equity ratio as of the balance sheet date was 36.9% (previous year: 37.8%). This reduction is primarily due to exchange rate effects. The forest property is periodically revalued every 3 years. In light of the current values, the assessment also had a positive impact on equity. The difference between consolidated equity and the equity of Precious Woods Holding Ltd. amounts to approximately EUR 6 million in favour of the statutory accounts.

Operational cash flow
6.3
EUR million

Cash flow from operating activities increased by EUR 0.3 million to EUR 6.3 million. The change in working capital was EUR -2.7 million. Investments in tangible fixed assets amounted to EUR 5.5 million. Cash flow from financing activities was EUR -0.3 million.

Picture right: Macro photography of a seedling in Gabon

PW Amazon

Through extensive and regular maintenance work, we extend the service life o the machines and ensure a smooth process.

Picture large: Machine for grinding the band saw blade, sawmill PW Amazon, Brazil
Picture small: Machine for cutting logs

Precious Woods Amazon
Increase in sales and productivity

PW Amazon achieved net sales of EUR 19.2 million, 25.9 % higher than the previous year (EUR 15.2 million). Export sales increased by 21.3 %, revenues in the local market by 26.3 %, and sales from deliveries of biomass to the energy plant doubled over the previous year. However, these were not consolidated until June 2021, so the increase must be viewed in relative terms. Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR 8.9 million (previous year: EUR 11.0 million), corresponding to a margin of 46.6 % (previous year: 72.5 %). Earnings before interest and taxes (EBIT) amounted to EUR 8.3 million (previous year: EUR 10.7 million). This corresponds to a decrease of EUR 2.4 million from the previous year and is largely due to currency effects. EBITDA and EBIT in the 2022 fiscal year include an increase in the value of biomass in the amount of EUR 4.1 million (previous year: EUR 4.1 million).

in EUR million	**2022**	**2021**	Index	Change
Net Sales	19.2	15.2	125.9%	+3.9
EBITDA	8.9	11.0	80.9%	–2.1
EBIT	8.3	10.7	77.9%	–2.4

Key figures Environmental in 2022 (2021)

Energy consumption in GJ
89 300 (66 700)

Direct CO_2 emissions in t
5 100 (3 500)

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

Reduced harvest volume, increased production volumes, higher yield

The harvest volume for logs was 185 000 m³, 15% higher than in the previous year. As in previous years, early, heavy rainfall affected our forestry activities. At the end of February 2023, approximately 62 000 m³ of harvested logs remained in the forest, which we will not be able to transport to the sawmill until June 2023. The distance from the harvesting area to our sawmill was 150 km farther away than in previous years, resulting in additional costs. The temporary camp required for our employees was still in use and will not be vacated until the second half of 2023, after which we will begin work in other regions. The sawmill processed 180 010 m³ of wood, 10.9% more than in the previous year. Yield was slightly below the previous year's level, due to the quality of the logs. This resulted in 5.0% higher sawn timber production, totalling 41 700 m³ (previous year: 39 700 m³). Thanks to the additional equipment in the sawmill, the annual maintenance work was carried out continuously during ongoing operations. New warehouses for the intermediate storage of air-dried sawn timber were also built.

Unfortunately, the forestry equipment ordered in November 2021 was not delivered until November 2022 instead of June 2022 as announced. Therefore, the machines were hardly available for harvesting. The resulting maintenance costs for the old, existing forestry machinery was relatively high, and several breakdowns occurred. Further replacement investments for machinery are planned for 2024 and 2025.

In 2022, we were again able to produce for the local market, allowing us to process non-exportable wood species with a higher yield. The fight against illegal timber trade by the authorities was already active under the old government and is now being pursued even more rigorously. This has advantages for us, and we can assume that local sales will at least remain constant or even increase. While prices are lower than for the export market, the diversification of wood species and the less stringent quality demands for sawn timber largely compensate for this disadvantage.

New concessions to secure our operations

Until now, about 420 000 hectares of forests (own forest and smaller concessions) have been available for harvest. After the visit of the governor of the state of Amazonas in July 2022, we were able to begin negotiations for additional concessions in our region. The law allows for land to be allocated on favourable terms that lies between individual, privately owned parcels. By the end of 2022, we were able to secure an additional 104 000 hectares. This will enable 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.

We have presented a plan to the development bank and the government to double our forest and industrial activities, with the aim of obtaining a public concession and broadening and expanding our sustainable operations in Brazil. 50% of the financing would be provided by the development bank at very favourable conditions. In November 2022, we submitted our application to the government for an additional 1.3 million hectares north of our current location, of which we intend to actively manage about 600 000 hectares. This is a long-term project – we expect it will take at least three years to receive a permit, after which it would take another two to three years before we could begin operations.

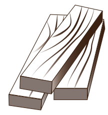
Summary of further activities

Our investment volume in Brazil amounted to approximately EUR 1.8 million. About EUR 0.3 million of this amount was spent on road construction, EUR 1.1 million on vehicles, and EUR 0.4 million on machinery and buildings.

The currency fluctuation of the real against the euro was very high. On average, the euro traded 17% lower than in the previous year. This reduced income in reals from export sales, and it increased costs in reals in the consolidated financial statements, which are reported in euros. At the beginning of 2023, exchange rates recovered somewhat, but we cannot forecast how the currency will develop. The import costs of materials therefore increased disproportionately. Salaries are based on the official inflation index and increased by approximately 6%.

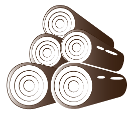
Legal rules and our commitment to the sustainable use of tropical forests require our company in Brazil to harvest many different species of timber. This continues to be a great challenge and also entails greater complexity for our operational activity. Our ongoing task is to establish and promote lesser-known 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 m³
2022 (2021)



Sales sawn and industrialized wood
37 600 (35 400)

whereof export
24 400 (22 200)



Sales logs and piles
100 (500)

Sales biomass
36 300 (59 100)

Harvest volume
185 000 (160 300)

Key figures Social in 2022 (2021)

Employees
755 (734)

Women in %
7.4 % (7.5%)

Men in %
92.6 % (92.5%)

Accidents at work
18 (21)

Days lost per accident
10.9 (10.2)

Training hours per employee
0.1 (0.5)

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.

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 493 597 hectares of its own land and concessions (as of the end of 2022) 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 recertification audits for FSC and PEFC in 2022 with excellent results. This means that MIL Madeiras has now been FSC-certified for 25 years and PEFC-certified for 6 years. This is a sustained confirmation of our pioneering role in forest certification.

After both the PEFC and FSC audits were carried out completely online in the previous year due to the pandemic, the 2022 audits were again conducted on site. This gives the auditors a better overview, helping to guarantee a comprehensive and reliable verification of all the standards. 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:

Using the most recent data from the Brazilian Space Agency, we conducted a study of how the forest cover has changed over time. The study shows that the canopy has declined by only 1% since 2008. This result includes the communities and their agricultural areas, which have increased since 2008. This demonstrates that MIL Madeiras is making an essential contribution to the protection of the forests.

- We also support various research projects in the field of environment and sustainability in collaboration with four local universities and research institutions. A major project on fauna inventory before and after timber use is investigating the influence of management on fauna. The goal of such projects is not only to obtain scientific data, but also to gain insights into how we could apply our harvesting techniques with even lower impact. The initial results were presented at a conference in 2022, confirming that for the purpose of wildlife conservation, sustainable forestry is a good alternative to merely placing forests under protection.

- It continues to be a major priority and endeavour to support and promote the agricultural production of the communities in our region. In 2022, we intensified our agricultural consulting. One of our employees, a trained agronomist, provides advice and support to the communities and helps to deepen knowledge and develop new projects, such as coffee cultivation.

- In 2022, we again carried out a detailed socioeconomic study that we have been conducting regularly since 2011. As part of this study, 465 families in 9 communities were interviewed with the aim of determining the influence of sustainable forestry on aspects such as health, employment, and demographics.

- Education continues to be a major priority. In addition to offering internships for trainees at MIL Madeiras, we also participated in educational programmes for the younger generation in 2022. We organized the CINEMIL project, which makes age-appropriate films on health and the environment available in the surrounding communities, addressed to pupils in first to fifth grade – the next generation of our employees.

- Not only MIL Madeiras as a company demonstrates social commitment! As part of the Occupational Safety Action Week, our employees also conducted a "Reach Out" campaign, in which they collected more than four tonnes of food donations for needy population groups.

Outlook for 2023

We expect a log harvest volume of about 190 000 m^3. The aim is to further increase production and sales volume. Because we have a high proportion of fixed costs, an increase in profitability can be achieved only through an increase in volume. We are planning investments in vertical integration, but these will not take effect before the end of 2023 at the earliest. New, local financing options are being examined 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

Within our concessions, the roads and bridges are built and maintained by our teams.

Picture large: Bridge construction to secure the transport routes
Picture small: Transport is by lorries

Precious Woods Gabon
Increase in sales but massively higher costs

PW Gabon generated net sales of EUR 40.1 million (previous year: EUR 35.5 million), corresponding to an increase of 13.0 % over the previous year. Earnings before interest, taxes, depreciation and amortization (EBITDA) reached EUR 5.7 million (previous year: EUR 5.7 million). The EBITDA margin was 14.2 % (previous year: 16.2 %). Earnings before interest and taxes (EBIT) amounted to EUR 0.4 million (previous year: EUR 1.9 million). This corresponds to a margin of 0.9 % (previous year: 5.4 %). Provisions of EUR 0.4 million at the EBITDA level are included in connection with the restructuring announced in November 2022, EUR 2.3 million at the EBIT level. Without the massive increase in operating costs, leading to the drastic measures we had to take, we would be able to look back on a successful fiscal year with higher margins. The effect of the veneer plant (now CPL) must be taken into account with respect to the increase in sales. Sales of logs to the 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	**2022**	**2021**	Index	Change
Net Sales	40.1	35.5	113.0%	+4.6
EBITDA	5.7	5.7	99.3%	–0.0
EBIT	0.4	1.9	19.1%	–1.6

Key figures Environmental in 2022 (2021)

Energy consumption in GJ
149 000 (144 400)

Direct CO_2 emissions in t
11 400 (11 600)

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

Operational successes despite difficulties

The harvest volume in 2022 was 228 900 m^3, a decline of 2.1% from the previous year (233 700 m^3). The considerable inventory of logs at the end of 2021 permitted a reduction of the harvest volume. 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 azobé site is difficult to access, and we were unable to harvest the entire volume in a timely manner. The sawmills in Bambidie processed a total of 150 700 m^3 of logs, an increase of 1.1%. Sawn timber production amounted to 54 900 m^3 (previous year: 53 500 m^3) – an increase of 2.7%. Yield rose by 0.5 percentage points, corresponding to an increase of 1.6%.

As we already communicated in November 2022, the fiscal year was 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. Because we could not assume that this situation would ease and we had to expect additional costs for a full fiscal year of approximately EUR 6 million, we decided to undertake a partial restructuring. In the 2022 fiscal year, we recorded direct additional costs of EUR 1.7 million and indirect additional costs of EUR 0.7 million (mainly transport costs) in this regard. Due to the cost increases, we also had to assess the economic viability of cutting different wood species, and we consequently limited ourselves to processing fewer species. The closure of one of the three sawmills at the Bambidie site was a necessary step. We can achieve further cost reductions by reducing camp operations. Most of our workforce will now live in the nearby city of Lastoursville, and we will have to maintain only part of our village infrastructure. The restructuring should be completed on schedule by the end of June 2023. The number of employees will be reduced by about 140. Provisions for these measures in the amount of EUR 2.3 million were made in the 2022 accounts.

As in previous years, we suffered greatly from obstacles beyond our control. Road conditions did not always allow deliveries to the port, and rail capacity was also not expanded as promised. Unfortunately, the latter was even further reduced because more rail cars were made available to the mining companies. This led to additional costs because we had to switch to truck transport. We were able to ensure the supply of logs to our veneer plant at all times.

The inventory for the new forest management plan for the years 2025 – 2049 is still underway and will be completed in mid-2023. By the end of 2023, we will present our plan to the authorities. The plan will form the basis for maintaining the existing concession. All other requirements have already been met, and therefore we are optimistic to secure the continuation of our operation. We need this secured commitment in order to move forward with investments in energy production as well as sawn timber processing and value creation. Installing a power plant (solar or biomass) is essential given current diesel prices, as well as an economic and ecological must. The processing of additional tree species also offers potential if revenues and operating costs remain in balance. This also provides better support for low-impact forestry, despite the increase in harvest volumes. The changed conditions for business in Gabon also call 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, reduce costs, and minimize transport distances.

PW Gabon’s total investments in the amount of EUR 2.1 million were used for buildings (EUR 0.3 million), forestry machinery (EUR 0.8 million), vehicles (EUR 0.6 million), and inventory (EUR 0.4 million).

In the first quarter of 2022, we had to overcome several challenges in industrial operations. These ultimately led to a staffing change in the sawmill management. Productivity in the sawmills and in the sharpening plant subsequently increased, and production was continuous and nearly disruption-free. The planned maintenance work was carried out as scheduled. At the end of the year, however, we had to shut down all operations because a landslide interrupted the rail line and the supply of diesel could no longer be guaranteed. We therefore decided to carry out our 2023 annual maintenance work already in January, so as not to affect production again. At the beginning of February 2023, we were able to resume full operations.

The VAT credit with the Gabonese government decreased by EUR 0.5 million to EUR 1.9 million. We have recorded continuous payments since August 2022 and expect the balance – which is still high – to fall to a tolerable level over the course of the year. We were able to finance investments from cash flow or with bank loans from local institutions. Net debt even fell slightly by EUR 0.6 million. Liquidity remained very tight due to delivery delays and the associated late realization of sales, as well as increased costs from operating activities.

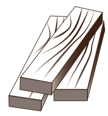
Slight reduction in operating capital

Despite the repeated and massive infrastructural impairments, we managed to increase profitability in the sawmills. We did not succeed in massively reducing operating capital, however. Working capital decreased by EUR 0.3 million (previous year: increase by EUR 2.3 million). Inventories were at the level of the previous year. Accounts receivable rose by about EUR 2.8 million due to increased deliveries in December. Accounts payable increased by EUR 3.3 million, mainly due to transport and shipping costs from December sales. In relation to sales, operating capital ties up about 34.9% (previous year: 40.2%). This value is still far too high. A normal value would be reached at 28%. The high operating capital severely affects our liquidity in Gabon. Net debt decreased again by EUR 0.6 million compared to the previous year’s reporting date (previous year: EUR -0.7 million).

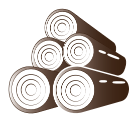
Many projects and activities

FSC and PAFC recertification 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

Key figures Economic in m^3
2022 (2021)



Sales sawn and industrialized wood
47 000 (51 400)



Sales logs
81 700 (75 500)

Harvest volume
228 900 (233 700)

Key figures
Social in 2022 (2021)

Employees
727 (771)

Women in %
6.1 % (6.2 %)

Men in %
93.9 % (93.8 %)

Accidents at work
73 (122)

Days lost per accident
8.5 (7.6)

Training hours
per employee
0.8 (1.1)

high level and our dual certification, we remain the pioneering company in sustainable forest management in the tropics.

After several audits were conducted online in 2021 due to travel restrictions, the audits took place on site again in 2022. This is a major advantage for the work and inspection activities of the auditors and also in the interest of workflow.

In September, FSC Week 2022 – organized by FSC itself – was held in Bambidie. The aim was to highlight the importance of certification using practical examples.

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.

- Our public-private partnership on fauna protection with the ministry responsible for forestry and the NGO Conservation Justice continued with success. Employees of the three partners stationed in Bambidie regularly patrol our forest area to prevent poaching and to protect wildlife. The project has already had considerable success, underscoring the importance of this partnership. The necessary skills can be guaranteed and the fauna can be protected effectively only thanks to the cooperation of all three partners. Project financing is secured until the end of 2022. Follow-up financing is currently being sought, with the aim of continuing and expanding the project.

- In 2022, our engagement on behalf of protecting flora and fauna was again noticed and taken up by the media. Last year, we again welcomed media representatives and were able to realize joint projects including an ATIBT campaign and a NZZ Format report. The filming in our operation necessary for these projects means significant extra work for us, but it also means we can reach a large audience, present our activities, and generate interest in sustainable forestry. The NZZ Format report was broadcast in 2022 and is available on the NZZ Format website. The films for the ATIBT campaign have been published on the ATIBT YouTube channel.

- 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.

- The cultural agenda and activities of the Centre Culturel were limited in 2021 due to the pandemic. In 2022, the Centre Culturel was again able to offer a full programme, celebrating its fifth year since completion and opening.

Precious Woods Gabon in brief

PW Gabon consists of two companies: CEB (Compagnie Equatoriale des Bois) and CPL (Compagnie des Placages de la Lowé). 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 separated out. CEB employs 727 persons and CPL about 200. Each year, approximately 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, a suburb of the port city Libreville. The main export markets for PW Gabon's manufactured timber products are Europe, South Africa, 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 2023

After deciding to focus on harvesting fewer wood species in 2022, our focus is now on processing Okoumé and Azobé. We expect a higher yield and higher production volumes in 2023. Further improvements in production processes will be implemented, which should reduce costs. Similar annual harvest volumes are planned as in 2022. We are also planning initial investments in vertical integration. We expect the delivery situation to improve slightly. However, we anticipate increased transport costs due to the restrictions in rail transport. Market prices have decreased only slightly so far, and we are confident that this will not change much, given the expected increase in worldwide demand for wood. Shipping costs have now fallen strongly. This encourages our customers to import more wood from remote regions again.

PW Trading

Picture: Beech forest in Belgium

Precious Woods Trading
Increase in sales realized

Net sales from the trading business in the 2022 reporting year amounted to EUR 6.6 million, corresponding to an increase of 90.4 % from the previous year (2021: EUR 3.4 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	**2022**	**2021**	Index	Change
Net Sales	6.6	3.4	190.4%	+3.1
EBITDA	0.6	0.3	188.1%	+0.3
EBIT	0.6	0.3	188.1%	+0.3

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 0.6 million. The EBITDA margin was 9.1% (previous year: 9.2%).

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. The challenge will be to apply the insights specifically to our activities in Africa and Brazil and to use them for the benefit of our customers or product developments. In future, the range of products is to be supplemented by the sale of tropical timber from other FSC-certified operations in Central and South America. Some of these projects are carried out by local communities, in which cooperation with the environmental organization Rainforest Alliance is sought or already in the implementation phase.

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 2022 (2021)

Direct CO_2 emissions in t
0.2 (0.2)

PEFC share
Sold in %
87 (100)

Key figures Economic in m^3 2022 (2021)

Sales logs and sawn wood
15 900 (13 600)

Carbon and energy

Picture: Biomass power plant, MIL Energia Renovável, Brazil

Carbon & Energy
Sale of energy and emission certificates

Revenue from the sale of electricity in 2022 amounted to EUR 3.7 million. Earnings before interest, taxes, depreciation and amortization were EUR 1.4 million, corresponding to a margin of 37.5 %. Based on the 2020 figures, 39 960 emission certificates were sold and paid out in 2022.

in EUR million	2022	2021	Index	Change
Net Sales [1]	3.7	1.8	210.5%	+1.9
EBITDA	1.4	0.4	367.9%	+1.0
EBIT	1.1	0.4	286.6%	+0.7

[1] Energy sales as of June 1, 2021

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, supplies around 70% of the households of the neighbouring city of Itacoatiara with electricity. The power plant also supplies the production site of Precious Woods 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, so that a comparison with the previous year is not meaningful.

MIL Energia not only produces electricity and steam or heat. Our activities resulted in a total of 33 694 tons of CO_2 equivalents in 2022, which can be counted towards carbon reduction and thus contribute to global climate protection. However, the 2021 amount will not be reflected in the figures until 2025 at the earliest, as the revenue is delayed.

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.

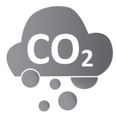
Itacoatiara has been connected to the regional power grid since March 2023. For MIL Energia, this means that along with its own consumption, electricity deliveries to other contractual partners are now important. Because the electricity price in Brazil has fallen to an all-time low due to hydropower plant availability, we have been producing less electricity since March 2023 and selling the biomass we do not need to third-party customers. This will reduce sales and earnings in the short term.

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.

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

Key figures Environmental in 2022 (2021)



Direct Co_2 emissions in t
20.3 (0.0)

Key figures Economic in m^3 in 2022 (2021)

Sales energy in MWh
51 800 (29 400)

Sales CER in t
39 960 (39 269)

Key figures
Social in 2022 (2021)

Employees
42 (41)

Woman in %
10.7 (12.2)

Men in %
89.3 (87.8)

Accidents at work
2 (0)

Days lost per accident
12.5 (0.0)

Training hours per employee
2.8 (2.6)

energy supply, and low-emission production. The waste heat generated during electricity production is used for the sawmill's kiln drying plant.

"A complete and sensible use of the harvest volume makes a crucial contribution to sustainability."

Precious Woods

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.

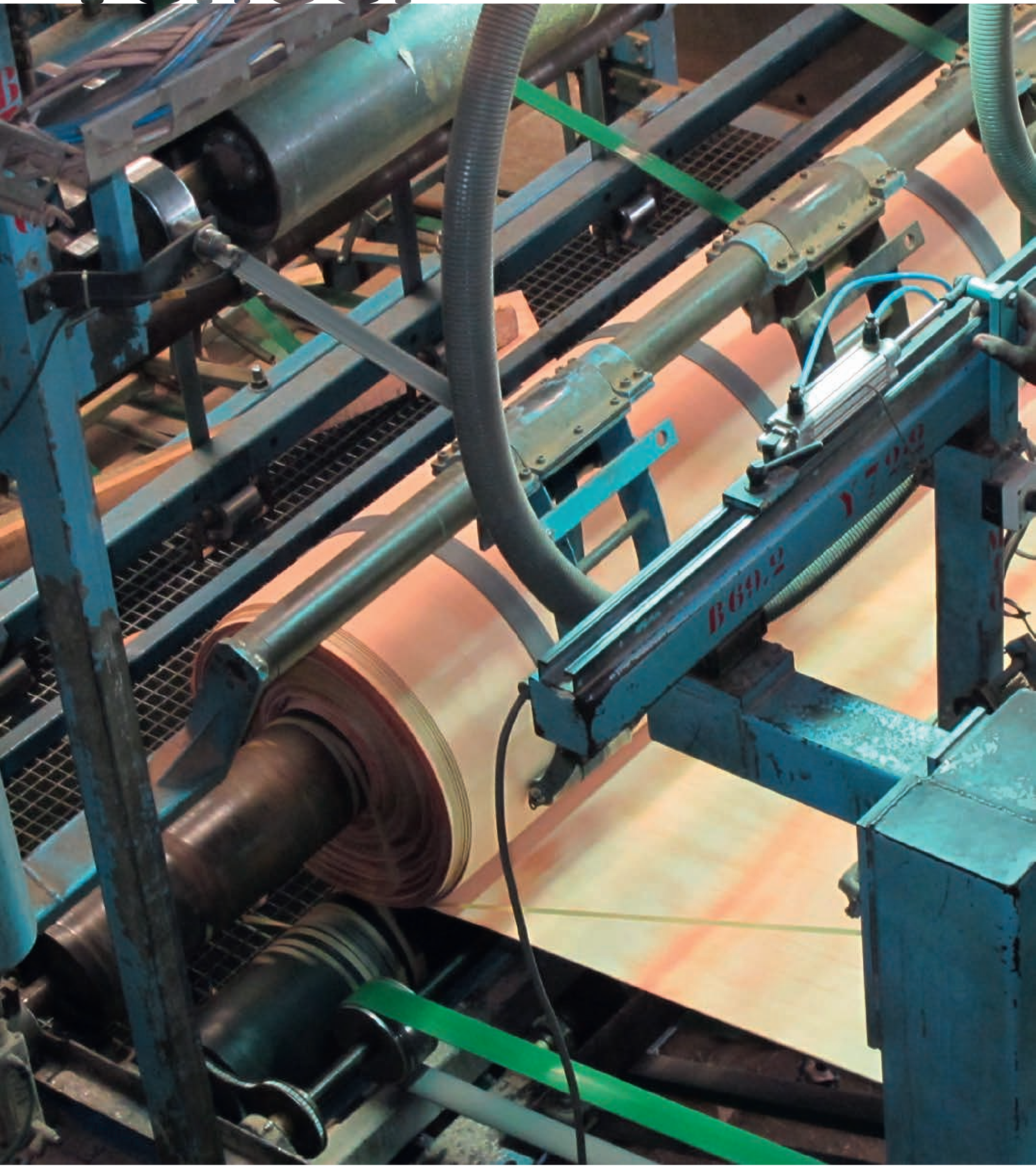
Precious Woods Carbon & Energy

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 again 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.

[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 collection point

Veneer



Picture: Machine for the production of rotary veneer, Gabon

CPL veneer plants
Shared strengths create synergies

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 62 827 m^3 of logs (previous year: 59 163 m^3) and produced 38 765 m^3 of veneer (previous year: 34 634 m^3). Precious Woods Gabon was almost the sole supplier to the plant. CEB sold a total of about 81 500 m^3 of logs (previous year: 75 600 m^3) to customers on the local market, with CPL accounting for about 53 700 m^3 or 66%. Various investments to increase productivity, as well as production changes and order mix, have already increased the yield. In the 2022 fiscal year, yield rose by 3.5 percentage points or 6%.

Sales from veneer production are generated exclusively by Precious Woods Holding Ltd. As explained in the chapter on PW Gabon, this resulted in an increase in sales at PW Gabon in the amount of approximately EUR 12 million. Sales from the delivery of logs to CPL are not shown in this segment because of the consolidation.

Key figures Economic in m^3 in 2022 (2021)

Sales rotary veneer
38 700 (33 400)

Key figures Environmental in 2022 (2021)

FSC-share of timber production sold in %
92 (90)

Corporate Governance

Preserving biodiversity by protecting fauna and flora is one of the core tasks of sustainable forestry.

Picture large: Garden terrace of the accommodation at PW Gabon
Picture small: African elephant, Gabon

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 22 to 36 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 51 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 2022 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 2022. As of 31 December 2022, the conditional capital amounts to CHF 1 396 638 (1 396 638 shares with a nominal value of CHF 1.00 each).

On 27 May 2021, the Annual General Meeting approved an authorized share capital of CHF 1 000 000 (1 000 000 shares with a nominal value of CHF 1.00 each). The BoD is thus authorized to increase the share capital at any time until 19 May 2023 by a maximum amount of CHF 1 000 000 by way of issuance of no more than 1 000 000 registered shares that are to be fully paid in with a nominal value of CHF 1.00 each. In 2022, no capital increase from authorized share capital was executed. On 31 December 2022, the amount of the authorized capital is CHF 1 000 000 in shares (1 000 000 shares with a nominal value of CHF 1.00 each) 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 19 May 2022 Katharina Lehmann, Markus Brütsch, Jürgen Blaser and Robert Hunink were due for re-election. They were re-elected for a year on a proposal from BoD. In addition, Werner Fleischmann was elected as a new member of the Board of Directors. The composition of the BoD is as follows on 31 December 2022: Katharina Lehmann (Chairwoman), Markus Brütsch (Delegate), Jürgen Blaser (Member), Robert Hunink (Member) and Werner Fleischmann (member).

Members of the Board of Directors

The Precious Woods BoD has five 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 2022.

Additional information about the members of the BoD can be found in their profiles on our website (Investor Relations – Corporate Governance)

Katharina Lehmann (lic. oec. HSG)
Swiss citizen, born in 1972
Chairwoman since 18 May 2017
BoD member since 2008, mandate ends in 2023

Other activities and interests:

- Since 1996 Chair of the Board of Directors and Delegate of the companies that make up Erlenhof AG, i.e. Lehmann Holzwerk AG and Blumer-Lehmann AG
- BoD member of Frutiger AG, Thun
- BoD member of Blumer Techno Fenster AG, Waldstatt
- Board member of Industrie- und Handelskammer (IHK), St. Gallen/Appenzell
- Chairwoman of Association Senke Schweizer Holz (SSH)

« *Working with tropical timber in countries such as Gabon or Brazil remains a challenging but important entrepreneurial activity.* »

Markus Brütsch
Swiss citizen, born in 1960
BoD member (Delegate) since 2017, mandate ends in 2023

Other activities and interests:
- CEO/CFO of Precious Woods Holding Ltd since January 2014
- BoD member of Paul Reinhart AG
- BoD member of Reinhart Holding AG

« *The protection of rainforests must be achieved through a combination of protected parks and sustainable forestry. Only in this way is the preservation of biodiversity and the extraction of renewable raw materials possible.* »

Jürgen Blaser
Swiss citizen, born in 1955
BoD member since 2015, mandate ends in 2023

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

« *The management of its tropical natural forests according to the highest sustainability standards is an important pillar of Precious Wood's business model, especially in financially difficult times.* »

Robert Hunink
Dutch citizen, born in 1953
BoD member since 2015, mandate ends in 2023

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

« *Despite a disappointing financial result, Management and Board of Directors are convinced of the necessity for additional investments in our processing capacity in order to further increase yields, diversify the product range, create added value and improve our earnings.* »

Werner Fleischmann
Swiss citizen, born in 1955
BoD member since 2022, mandate ends in 2023

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

« *We have to prove that our great commitment to the tropical forest will also pay off financially for our company.* »

Committees of the Board of Directors
The committee meetings have been integrated with in the regular BoD meetings, due to the small size of the BoD no separate committee meetings are taking place.

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.

Katharina Lehmann is leading for strategy questions and shareholders' relations, thus for the topics that were previously assigned to the Remuneration & Nomination Committee (RNC) within the Board of Directors. The whole Board of Directors ensures adequate terms and conditions of engagement for GM and the senior executives of the subsidiaries; it evaluates new members of the BoD and GM, determines remuneration guidelines and oversees corporate governance.

The BoD met a total of eleven times during 2022. 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 Delegate of the board/CEO/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).

Additional information about the members of the GM can be found in their profiles on the Precious Woods website (Investor Relations – Corporate Governance).

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

Markus Brütsch
Swiss citizen, born 1960

- Since January 2014, CFO of Precious Woods Group
- In July 2014, additionally CEO of Precious Woods Group
- Before CFO at Cicor Group and Winterthur Technology Group

« *The challenges in our business are multi-layered and complex. We can count on highly motivated teams that impress with their expertise and commitment.* »

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

« *PW remains one of the very few companies to address the dramatic problem of tropical forest deforestation. This mission is certainly one of the toughest in a world above all attached to profits but a must to protect our biodiversity that remains our most precious common good.* »

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

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

« *We are confident the necessary restructuration in Gabon will allow us to absorb the rising costs and take full benefit from the operational progress made in recent years.* »

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

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

« *The world needs timber and reliable ecosystem service providers. We provide both in high quality from the same forest – a unique business model and the guarantee for a stable future.* »

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 9 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 9 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 19 May 2022 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: The CEO/CFO 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. Since the reporting year 2010 Ernst & Young, Zurich, has assumed the role of Group auditor. The auditing fees paid to Ernst & Young for auditing the accounts of PWH, the Group and the companies worldwide amounted to EUR 220 798 in 2022. Ernst & Young also received an additional EUR 130 971 in non-audit services in 2022. Ernst & Young audited the relevant subsidiary companies. The Board of Directors monitors the efficiency and effectiveness of the external audit. Detailed information can be found in the by-laws, 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: Moabi seedlings, cultivation station in Gabon

Shareholder information

Share capital
On 31 December 2022, 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 of CHF 1 000 000 to cover option and conversion rights. Further information on the share capital can be found in note 1 to 3 to the 2022 financial statements of Precious Woods Holding.

Equivalent to 100 shares
Precious Woods is owner or concession holder of 493 597 hectares of forest in Brazil, and manages a forest concession in Gabon of 596 800 hectares. With the purchase of 100 shares, a shareholder had indirectly access to around 69 987 square meters of forests (2021: 69 987 square meters) in the Amazon and 84 620 square meters of forests (2021: 84 620 square meters) in Gabon in 2022.

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.)
ShareCommService 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
Fax +41 41 726 13 19
www.preciouswoods.com
office@preciouswoods.com

Stock price development
At the beginning of 2022, the share price started at CHF 11.70. The share price rose steadily in the first half of 2022 to a high of CHF 14.25. In the second half of 2022, the share price fell and at a closing price of of CHF 10.00 on 31 December 2022.

Information for investors

		2018	2019	2020	2021	2022
Share price per 31.12.	in CHF	8.00	8.30	9.60	11.70	10.00
Stock market capitalization	in CHF million	56	59	68	83	71
Basic earnings per share	in EUR	–0.24	1.13	–0.31	0.67	0.14
Equity (book value) per share	in EUR	2.25	7.81	5.57	6.30	7.14
Assets per share						
Primary forest in Brazil (ownership and concession)	in m^2	718	670	718	700	700
Primary forest in Gabon (concession)	in m^2	846	846	846	846	846


PWG
C
CT 121300
FR-LAP
140861
35P
MOV
PWG
C
FR-LAP
140855
35P
MOV
PWG
C
CT 121300
FR-LAP
140860
36P
MOV
PWG

Precious Woods Group financial statements

Picture left: Sawn timber ready for delivery, PW Gabon

Consolidated statement of profit or loss

in thousand EUR	Notes	2022	2021
Revenues	4	**65 866**	**54 299**
Gain/(loss) from changes in fair value from biological assets	11	4 075	4 074
Changes in inventories		4 645	2 270
Raw materials		–13 941	–9 108
Consumables used	5	–15 887	–9 918
Other production costs	5	–5 347	–5 142
Labour costs	6	–22 662	–18 197
Other operating expenses	7	–3 936	–2 994
Other operating income	7	759	505
Share of profit/(loss) of associates	13	–240	–723
Earnings before interest, taxes, depreciation and amortization (EBITDA)		**13 332**	**15 066**
Depreciation, amortization and impairment	8	–6 417	–4 329
Earnings before interest and taxes (EBIT)		**6 915**	**10 737**
Financial income	9	111	195
Financial expenses	9	–3 575	–2 983
Earnings before taxes (EBT)		**3 451**	**7 949**
Income tax (expenses)/income	28	–2 486	–3 263
Net profit/(loss) for the period		**965**	**4 686**
Allocation of net (loss)/profit:			
Equity owners of Precious Woods Holding Ltd		1 003	4 693
Non-controlling interests		–38	–7
Basic earnings per share	24	**0.14**	0.67
Diluted earnings per share	24	**0.14**	0.67

Consolidated statement of comprehensive income

in thousand EUR	Notes	2022	2021
Net profit/(loss) for the period		**965**	**4 686**
Defined benefit plans			
Remeasurement	29	292	360
Tax effect on remeasurement		–35	–45
Land revaluation			
Change in fair value	10	1 298	–
Tax effect on change in fair value		–658	–
Items that will not be reclassified to profit or loss		**897**	**315**
Recycling of accumulated translation effects from derecognition of investment in associate, net of tax	32	–	615
Currency translation effects, net of tax		4 083	–487
Items that may be reclassified subsequently to profit or loss		**4 083**	**128**
Total other comprehensive income/(loss) for the period		**4 980**	**443**
Total comprehensive income/(loss) for the period		**5 945**	**5 129**
Attributable to:			
Equity owners of Precious Woods Holding Ltd		5 981	5 136
Non-controlling interests		–36	–7

Consolidated statement of financial position

in thousand EUR	Notes	31 December 2022	31 December 2021
ASSETS			
Current assets			
Cash and cash equivalents		3 022	2 256
Trade and other receivables	17	16 150	13 757
Inventories	15	20 018	15 461
Prepaid expenses	16	740	1 035
Total current assets		**39 930**	**32 509**
Non-current assets			
Property, plant and equipment	10	67 006	61 886
Right-of-use assets	21	1 603	1 823
Biological assets	11	19 931	14 356
Intangible assets and goodwill	12	4 417	4 258
Investments in associates	13	1 186	1 426
Non-current loans and investments	14	450	420
Other non-current assets		1 513	436
Recoverable taxes		363	324
Total non-current assets		**96 469**	**84 929**
Total assets		**136 399**	**117 438**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Trade and other payables	18	21 045	16 582
Current income tax payables		1 765	782
Current loans, interest payables and legal liabilities	19	16 399	32 508
Current lease liabilities	19, 21	856	913
Current liabilities due to employees	29	12	24
Current provisions	26	131	9
Total current liabilities		**40 208**	**50 818**
Non-current liabilities			
Non-current loans, interest payables and legal liabilities	19	31 169	10 130
Non-current lease liabilities	19, 21	742	889
Deferred tax liabilities	28	10 420	7 549
Non-current liabilities due to employees	29	2 739	2 952
Non-current provisions	26	759	662
Total non-current liabilities		**45 829**	**22 182**
Equity			
Share capital	22	5 731	5 731
Treasury shares		–21	–
Additional paid-in capital		64 938	64 938
Revaluation surplus on land		29 095	28 457
Foreign currency translation reserve		–1 272	–5 355
Retained earnings		–48 154	–49 414
Equity attributable to owners of Precious Woods Holding Ltd		**50 317**	**44 357**
Non-controlling interests		**45**	**81**
Total shareholders' equity		**50 362**	**44 438**
Total liabilities and shareholders' equity		**136 399**	**117 438**

Consolidated statement of changes in equity

in thousand EUR	Attributable to equity holders of Precious Woods Ltd Share capital	Treasury shares	Additional paid-in capital	Revaluation surplus on land	Currency translation effects	Retained earnings	**Total**	Non-controlling interests	**Total equity**
Balance 1 January 2021	**5 731**	**–**	**64 938**	**28 457**	**–5 483**	**–54 422**	**39 221**	**88**	**39 309**
Net profit/(loss) for the period	–	–	–	–	–	4 693	**4 693**	–7	**4 686**
Other comprehensive income/ (loss) for the period	–	–	–	–	128	315	**443**	–	**443**
Total comprehensive income/ (loss) for the period	**–**	**–**	**–**	**–**	**128**	**5 008**	**5 136**	**–7**	**5 129**
Balance 31 December 2021	**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/ (loss) for the period	–	–	–	638	4 083	257	**4 978**	2	**4 980**
Total comprehensive income/ (loss) 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**

Consolidated statement of cash flows

in thousand EUR	Notes	2022	2021
Net cash flow from operating activities			
Profit/(loss) for the period		965	4 686
Income taxes (income)/expenses	28	2 486	3 263
Interest income	9	–29	–29
Interest expenses	9	2 620	2 449
Profit/(loss) for the period before interest and tax		**6 042**	**10 369**
Depreciation, amortization and impairment	8	6 417	4 329
Impairment financial asset at amortized costs	9	3	–
(Profit)/loss on sale of non-current assets	7	–69	–202
Share of (profit)/loss of associates	13	240	723
Gain recognized on FV measurement on previously held interest in an associate		–	–110
Disposal of financial liabilities as a result of forgiveness	19	–	–400
Changes in provisions and liabilities to employees		198	185
Change in fair value of biological assets	11	–4 075	–4 074
Other non-cash items		256	13
Operating cash flow before working capital changes		**9 012**	**10 833**
Decrease/(increase) in trade and other receivables		–1 987	–1 213
Decrease/(increase) in inventories		–4 123	–3 263
Decrease/(increase) in prepaid expenses and assets held for sale		406	56
Increase/(decrease) in trade payables, other liabilities and provisions		3 747	1 174
Income tax (paid)/received		–707	–1 538
Net cash flow operating activities		**6 348**	**6 049**
Cash flow from investing activities			
Proceeds from sale of intangible assets	12	–	1 471
Purchase of intangible assets	12	–426	–1 366
Proceeds from sale of property, plant and equipment		145	15
Purchase of property, plant and equipment	10	–4 151	–1 604
Acquisition of subsidiaries, net of cash	32	–	–553
Proceeds from disposal of other non-current assets		98	–
Purchase of other non-current assets		–1 188	–311
Increase/(decrease) in recoverable taxes		–2	–13
Interests received	9	29	29
Net cash flow investing activities		**–5 495**	**–2 332**
Cash flow from financing activities			
Purchase of treasury shares		–21	–
Proceeds from borrowings	19	4 072	904
Repayment of borrowings	19	–2 486	–3 535
Interests paid	19	–1 295	–1 245
Interests paid on lease liabilities	19, 21	–127	–142
Repayment of lease liabilities	19, 21	–432	–273
Net cash flow financing activities		**–289**	**–4 291**
Net increase/(decrease) in cash and cash equivalents		**564**	**–574**
Cash and cash equivalents, at the beginning of the year		**2 256**	**2 778**
Increase/(decrease) in cash and cash equivalents		564	–574
Translation effect on cash		202	52
Total Cash and cash equivalents, at the end of the year		**3 022**	**2 256**

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 "Precious Woods" or "the Group") 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 International Financial Reporting Standards (IFRS) 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.

Change in scope of consolidation in 2022

There was no change in the scope of consolidation in 2022, but one implemented in 2021:

On 31 May 2021, MIL Madeiras Preciosas Ltda., already owning 40% of BK Energia Itacoatiara Ltda., acquired the remaining 60% of the ordinary shares outstanding, and with this transaction, obtained 100% ownership of the renewable power plant. BK Energia Itacoatiara Ltda. was renamed MIL Energia Renovável Ltda. afterwards. The plant generates renewable energy from biomass and meets the requirements of the Kyoto Protocol and the UNFCCC, resulting in tradable certified emission reductions. As a result of the acquisition, the Group expects to improve its own knowledge about renewable power plant and to be prepared for the extension of the energy business in combination with additional forest activities. The details of this acquisition are further explained in Note 32.

Significant accounting judgments, estimates and assumptions

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts 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)

Impact of the Covid-19 pandemic

Fortunately, production was only slightly curtailed as a result of the impact of Covid-19. We recorded only few cases of illness. Work under stricter hygiene regulations was well received, and we did not have to order any plant shutdowns. We were also able to resume travel. In 2021, however, it was mainly the lack of resources in certain public offices that affected us and made operations more difficult. For example, in the issuing permits, handling customs formalities or other business. These challenges also existed at the beginning of 2022, then normalized during the year.

Going concern – Debt restructuring / refinancing

The company has significant financial liabilities that are due and payable within the next 12 months and there are no clear indications that the company will be able to meet these obligations without additional financing. Due to the circumstances, the liquidity of the group is currently under pressure.

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 December 2023. 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.

The company is taking steps to address the uncertainties and improve its liquidity position, including reviewing its cost structure, exploring additional sources of financing, and seeking to refinance its debt obligations. Measures that have been initiated but not yet completed include:

- Discussion with current loan lenders to extend short term due loans for at least additional 12 months,
- Increase capital-band at the next AGM to give future investors the possibility of equity investment,

- Consider sale of assets (e.g. Land with concession lease-back),
- Contact with 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 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 2023. 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. The company will continue to monitor and assess its liquidity position and take necessary actions to mitigate these risks and will provide updates to stakeholders as appropriate. The board of directors is committed to act with the required urgency.

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 2022:

- *IAS 16 Property, plant and equipment* – This amendment had no impact on the consolidated financial statements.
- *IAS 37 Provisions, contingent liabilities and contingent assets* – This amendment had no impact on the consolidated financial statements.
- *Annual IFRS improvements* – These amendments had no impact on the consolidated financial statements.

effective on or after 1 January 2023:

- IFRS 17 Insurance contracts (new standard) – effective on or after 1 January 2023.
- IFRS 16 Lease (amendment) – effective on or after 1 January 2023.
- IAS 1 Presentation of financial statements (narrow-scope amendments) – effective on or after 1 January 2023.
- IAS 12 Income taxes (amendments) – effective on or after 1 January 2023.
- IAS 1 Presentation of financial statements (narrow-scope amendments) – effective on or after 1 January 2024.

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). All assets and liabilities are translated by using the rate of exchange prevailing at the reporting date. Shareholders' equity accounts are translated at historical exchange rates. Translation differences from changes in share capital of subsidiaries are recognized directly in equity. The statement of profit or loss is translated at the average rate for the year. Translation differences are recognized as currency translation effects in other comprehensive income.

b. Impairment of non-financial assets

The Group assesses at each 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 profit or loss.

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.

Management's policy is to maintain its borrowings in fixed rate instruments. There was no material variable interest rate borrowing on 31 December 2021 as well as on 31 December 2022.

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 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	**31.12.22** Reasonable shift	**31.12.22** "Impact" on profit or loss before tax	**31.12.22** "Impact" on equity	**31.12.21** Reasonable shift	**31.12.21** "Impact" on profit or loss before tax	**31.12.21** "Impact" on equity
EUR/CHF	+/–10%	+/–531	+/–2 168	+/–10%	+/–123	+/–2 164
USD/CHF	+/–10%	+/–10	+/–1 033	+/–10%	+/–40	+/–976
USD/BRL	+/–15%	+/–73	+/–655	+/–15%	+/–7	+/–507
BRL/CHF	+/–15%	+/–0	+/–4 838	+/–15%	+/–0	+/–4 572
BRL/EUR	+/–15%	+/–4	+/–0	+/–15%	+/–15	+/–0
XAF/CHF	+/–10%	+/–247	+/–1 833	+/–10%	+/–51	+/–1 742

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**
31 December 2022				
Trade and other payables	21 045	–	–	21 045
Lease liabilities	948	505	415	1 868
Loans, interest payables and legal liabilities	17 757	10 850	25 689	54 296
Financial liabilities	**39 750**	**11 355**	**26 104**	**77 209**

in thousand EUR	Less than 1 year	Between 1 and 2 years	Over 2 years	**Total**
31 December 2021				
Trade and other payables	16 582	–	–	16 582
Lease liabilities	913	548	341	1 802
Loans, interest payables and legal liabilities	32 508	9 767	363	42 638
Financial liabilities	**50 003**	**10 315**	**704**	**61 022**

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.

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 2022, the Group's equity ratio decreased to 37%, from 38% in 2021. 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 2022, the Group has pledged assets as follows:

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

As of 31 December 2021, the Group had pledged assets as follows:

Land	EUR 25.1 million
Machinery and vehicles	EUR 1.5 million
Leased machinery and vehicles	EUR 5.8 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. 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 2022, 33 700 tons of CO_2 equivalents were produced (2021: 33 788), whilst the sale of CERs amounted to 39 960 (2021: 38 484).

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**
Revenues						
Third parties	15 808	39 878	6 556	3 619	5	65 866
Intersegment	3 365	173	2	65	–3 605	–
Total 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, taxes, 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 taxes (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.

Operating segments – for the year ending on 31 December 2021

in thousand EUR	Sustainable Forest Management Brazil	Sustainable Forest Management Gabon	Trading	Carbon[2] & Energy	Other[1]	**Total**
Revenues						
Third parties	13 550	35 277	3 444	1 723	–	53 994
Intersegment	1 368	178	–	27	–1 573	–
Associates and related parties	305	–	–	–	–	305
Total revenues	**15 223**	**35 455**	**3 444**	**1 750**	**–1 573**	**54 299**
Gain from changes in fair value from biological assets	4 074	–	–	–	–	4 074
Profit/(loss) on sale of PP&E	–	15	–	–	–	15
Share of profit/(loss) of associates	211	–934	–	–	–	–723
Earnings before interest, tax, depreciation and amortization (EBITDA)	**11 041**	**5 736**	**317**	**375**	**–2 403**	**15 066**
Depreciation and amortization	–379	–3 810	–	–8	–120	–4 317
Impairment charges/reversals	–12	–	–	–	–	–12
Profit/(loss) from operating activities (EBIT)	**10 650**	**1 926**	**317**	**367**	**–2 523**	**10 737**
Financial income						195
Financial expenses						–2 983
Earnings before tax (EBT)						**7 949**
Income taxes	–2 687	–446	–54	–69	–7	–3 263
Segment assets	**66 593**	**49 767**	**2 440**	**3 592**	**–5 083**	**117 438**
Investments in associates	–	1 426	–	–	–	1 426
Capital expenditures	774	809	–	12	9	1 604
Segment liabilities	**40 859**	**45 187**	**1 410**	**504**	**–14 960**	**73 000**

[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.

[2] Since 1 June 2021, the segment Carbon & Energy also includes the subsidiary MIL Energia Renovável Ltda. (Note 32)

Geographic information

in thousand EUR		**2022**		**2021**
Revenues				
Europe	42 068	63.8%	32 727	60.3%
Latin America	8 874	13.5%	6 666	12.3%
Africa	1 887	2.9%	4 883	9.0%
Asia	9 092	13.8%	5 451	10.0%
North America	3 945	6.0%	4 572	8.4%
Total revenues	**65 866**	**100.0 %**	**54 299**	**100.0 %**
Location of non-current assets				
Europe	327	0.3%	394	0.5%
Latin America	68 362	70.9%	56 188	66.2%
Africa	27 752	28.8%	28 272	33.3%
Total non-current assets[1]	**96 441**	**100.0 %**	**84 854**	**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	2022	2021
Revenues from sale of timber and roundwood	62 182	52 549
Revenues from sale of energy	3 593	1 663
Revenue from sales of certified emission reductions (CERs)	91	87
Total revenues	**65 866**	**54 299**

Accounting policies

Revenue from contracts with customers – according to IFRS 15 – is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

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	2022	2021
Fuel, oil and lubricants	8 392	4 840
Energy – third parties	15	41
Maintenance and spare parts	7 480	5 037
Total consumables used	**15 887**	**9 918**

in thousand EUR	2022	2021
Logistics, transportation costs and freight	1 627	1 714
Forest taxes & expenses	1 989	1 961
Insurances (production)	332	215
Rent and lease (production)	42	21
Company-produced additions to plant and equipment	–136	–69
Miscellaneous production costs	1 493	1 300
Total other production costs	**5 347**	**5 142**

6. Labour costs

in thousand EUR	2022	2021
Wages and salaries	16 286	13 208
Social security costs	2 854	2 265
Pension costs – defined contribution plans	–58	232
Pension costs – defined benefit plans	297	252
Other employment benefits	3 283	2 240
Total labour costs	**22 662**	**18 197**

in thousand EUR	2022	2021
Forest and processing costs	16 730	13 215
Administration and other labour costs	5 932	4 982
Total labour costs	**22 662**	**18 197**

7. Other operating income and expenses

in thousand EUR	2022	2021
Other operating income		
Gain on disposal of intangible assets	–	186
Gain on disposal of fixed assets	69	15
Other income from associates	144	144
Other income	546	160
Total other operating income	**759**	**505**
Other operating expenses		
Audit fees	221	215
Legal and tax fees	289	169
Other consulting fees	394	273
Tax expenses (non-income taxes)	635	537
Travel expenses	468	257
Expenses for short-term leases	360	258
Communication and IR expenses	282	207
Distribution expenses	239	215
IT expenses	160	173
Insurances (non-production)	177	153
Change in expected credit loss allowance	15	108
Other administrative expenses	696	429
Total other operating expenses	**3 936**	**2 994**

Other administrative expenses contains building expenses and marketing expenses.

8. Depreciation, amortization and impairment

in thousand EUR	2022	2021
Depreciation of property, plant and equipment	2 718	2 528
Impairment of property, plant and equipment	2 004	22
Reversal of impairment of property, plant and equipment	–12	–10
Depreciation of right-of-use assets	1 088	1 478
Amortization of intangible assets	308	311
Impairment of goodwill	310	–
Total depreciation, amortization and impairment	**6 417**	**4 329**

9. Financial income and expenses

in thousand EUR	2022	2021
Financial income		
Interest income from associates	29	29
Fair value remeasurement of previously held equity interest in an associate [1]	–	110
Other financial income	82	56
Total financial income	**111**	**195**
Financial expenses		
Interest expenses	2 620	2 449
Impairment of loans	3	–
Foreign-exchange losses	630	244
Other financial expenses	322	290
Total financial expenses	**3 575**	**2 983**

[1] Please refer to Note 32 for further details about the investment in a subsidiary

10. Property, plant and equipment

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

in thousand EUR	2022	2021
Land	47 715	42 332
Forest roads	3 875	3 916
Buildings and improvements	5 352	6 765
Machinery and vehicles	7 715	6 858
Furniture and fixtures	314	241
Construction in progress	193	887
Advanced payments for PPE	1 842	887
Total carrying amounts	**67 006**	**61 886**

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. Independent valuators performed in 2022 a revaluation of the land in Brazil and Gabon according to the revaluation model of IAS 16.31. The carrying amount for those assets, if the cost model had been applied, would have been EUR 12.6 million (2021: EUR 12.1 million).

Reconciliation of carrying amount of level 2 land revaluation

in thousand EUR	2022 at Fair Value	2021 at Fair Value
At 1 January	42 332	42 178
Change in fair value	1 298	–
Reclassification from/to advanced payments for PPE	24	–129
Currency effects	4 061	283
At 31 December	**47 715**	**42 332**

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
The revaluations in 2022 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 market value. 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. The revaluation for the land assets in Brazil led to a slight decrease of the fair value by EUR 1.3 million, whilst the land assets in Gabon increased by EUR 2.6 million. In 2021, land prices and their fluctuations were reviewed, based on the external revaluation from 2019. No major fluctuations were detected, so no new assessments were made.

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 improve-ments	Machinery and vehicles	Furniture and fixtures	Construction in progress	Advanced payments for PPE	**Total PPE at cost**
Cost							
At 1 January 2021	**10 252**	**12 858**	**19 957**	**1 051**	**6 065**	**1 797**	**51 980**
Additions	–	136	672	59	568	169	1 604
Disposals	–	–	–31	–1	–	–	–32
Change in consolidation scope – addition [2]	–	227	2 357	61	–	–	2 645
Reclassifications [1]	399	2 124	5 684	14	–5 747	129	2 603
Currency effects	25	16	58	9	1	17	126
At 31 December 2021	**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**
Accumulated depreciation and impairment							
At 1 January 2021	**5 971**	**7 906**	**16 722**	**765**	**–**	**1 193**	**32 558**
Charge for the year	784	509	1 107	125	–	–	2 525
Impairment charge	–	–	–	–	–	22	22
Reversal of impairment	–10	–	–	–	–	–	–10
Disposals	–	–	–31	–	–	–	–31
Change in consolidation scope – addition [2]	–	170	2 354	53	–	–	2 577
Reclassifications [1]	–	–	1 637	–	–	–	1 637
Currency effects	15	11	50	8	–	10	94
At 31 December 2021	**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**
Carrying amount							
At 31 December 2021	**3 916**	**6 765**	**6 858**	**241**	**887**	**887**	**19 554**
At 31 December 2022	**3 875**	**5 352**	**7 715**	**314**	**193**	**1 842**	**19 291**

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

[2] Please refer to note 32 for further details about the investment in a subsidiary

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 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 (2021: EUR 0.1 million). On the other hand, advanced payments for property, plant and equipment have been reversed to land in the amount of EUR 23 800 (2021: EUR 0 million).

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. Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the consolidated statement of profit or loss.

11. Biological assets

in thousand EUR	**2022**	**2021**
At 1 January	14 356	10 162
Change in fair value less cost to sell	4 075	4 074
Currency effects	1 500	120
At 31 December	**19 931**	**14 356**

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. 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. This external appraisal will be repeated regularly. For 2022, the valuation was updated internally.

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 management was able to provide reliable cash flow estimates, the group utilized the Income Approach, 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 about 11 000 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's management expectation of exploration for the coming years. Based on historical data, a weighted average productivity was applied to get an average projected volume per year. The harvesting volume is calculated on effective quantities achieved in the last 20 years of activity in this area with 16 m^3/ha/year (2021: 16 m^3/ha/year). The total harvesting volume is expected to be 195 000 m^3 (2021: 186 000 m^3). The actual harvesting volume for 2022 was 185 000 m^3 (2021: 160 300 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% (2021: 14.0%) has been applied considering the following inputs:

	2022	**2021**
Unlevered beta factor	1.46	1.46
Risk free rate	0.6%	0.6%
Equity risk premium	14.2%	9.6%
Debt/Equity ratio	38.9%	38.9%
Tax rate	25.0%	34.0%

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 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%

in thousand EUR	FV	Effect
Assumption 31 December 2021	14 356	
Sales prices-5.0%	12 054	–16.0%
Costs +5.0%	12 739	–11.3%
Volumes-10.0%	12 641	–12.0%
Discount rate +50.0%	12 439	–13.4%

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. 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. 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 2021	–	12 319	7 457	19 776
Additions	–	293	1 073	1 366
Change in consolidation scope [1]	264	2 266	–	2 530
Disposals	–	–	–1 285	–1 285
Reclassifications	–	108	–108	–
Currency effects	2	20	31	53
At 31 December 2021	**266**	**15 006**	**7 168**	**22 440**
Additions	–	395	31	426
Currency effects	31	266	154	451
At 31 December 2022	**297**	**15 667**	**7 353**	**23 317**
Accumulated amortization and impairment				
At 1 January 2021	–	11 122	6 004	17 126
Charge for the year	–	281	30	311
Change in consolidation scope [1]	–	718	–	718
Reclassifications	–	5	–5	–
Currency effects	–	7	20	27
At 31 December 2021	**–**	**12 133**	**6 049**	**18 182**
Charge for the year	–	282	26	308
Impairment	310	–	–	310
Currency effects	–13	84	29	100
At 31 December 2022	**297**	**12 499**	**6 104**	**18 900**
Carrying amount				
At 31 December 2021	266	2 873	1 119	4 258
At 31 December 2022	**–**	**3 168**	**1 249**	**4 417**

[1] Please refer to note 32 for further details about the investment in a subsidiary

Other intangible assets mainly include forest concessions and software.

Accounting policies
Acquired goodwill and acquired intangible assets with indefinite useful lives are recognized as assets at the date of the acquisition. After initial recognition, these positions are measured at cost less any accumulated impairment losses. They are not amortized, but annually tested for impairment – or when the circumstances indicate that the carrying value may be impaired.

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 2021, as a result of the purchase accounting from the acquisition of remaining 60% interest in MIL Energia Renovável Ltda. (see Note 32), a goodwill of EUR 0.3 million was recognized and allocated to the cash generating unit "Carbon & Energy". The value-in-use calculation was done by an independent external valuation firm in Brazil. As a result of the analysis, management did not identify an impairment for this cash-generating unit to which goodwill of EUR 0.3 million was allocated.

None of the goodwill recognized was expected to be deductible for income tax purposes.

In 2022, the gross margin had to be adjusted downward due to the update of the projections, as there are uncertainties regarding the upcoming entry of MIL Energia Renovável Ltda. into the Brazilian free energy market. As a result, the goodwill of EUR 0.3 million was fully impaired.

Key assumption used in value-in-use calculations and sensitivity to changes in assumptions
The calculation of value in use for Carbon & Energy CGU is most sensitive to the following assumptions:

- Discount rate
- Gross margin

Discount rate
Discount rate represent the current market assessment of the risks specific to Carbon & Energy CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

In 2022, in determining the pre-tax weighted average cost of capital (WACC) a discount rate of 16.74% (2021: 15.13%) has been applied considering the following inputs:

	2022	2021
Unlevered beta factor	0.80	0.80
Risk free rate	2.0%	2.5%
Equity risk premium	7.5%	5.5%
Debt/Equity ratio	71.5%	71.5%
Tax rate	25.0%	23.8%

Gross margin
Gross margins are based on average values achieved in years preceding the beginning of the budget period. In 2021, the gross margins for the Carbon & Energy CGU used for 2022 and 2023 corresponded to 10.3%, and from 2024 to 2027 to 30.0%. These were increased over the budget period for anticipated efficiency improvements. Decreased demand can lead to a decline in the gross margin.

In 2022, as described above, uncertainties regarding the upcoming entry of MIL Energia Renovável Ltda. into the Brazilian free energy market as of March 2023 led to a downward adjustment of gross margin expectations from 2023 onwards to a break-even result as to the actual energy prices. Future price increases cannot be taken into account as the predictability is limited.

13. Investment in associates

Movements in investments in associates

in thousand EUR	**2022**	**2021**
At 1 January	1 426	3 340
Share of profit/(loss) of associates	–240	–723
Dividend earned	–	–531
Change in consolidation scope – disposal	–	–660
Currency effects	–	–0
At 31 December	**1 186**	**1 426**

There are no unrecognized share of losses relating to the above associates.

Proportion of ownership in investment in associates

Associate	Country	**31 December 2022**	**31 December 2021**
MIL Energia Renovável Ltda. (ex BK Energia) [1]	Brazil	–	–
Compagnie des Placages de la Lowé S.A.	Gabon	49%	49%

[1] until 31 May 2021 40% investment; as of 1st June 2021 100% investment and fully consolidated subsidiary

Compagnie des Placages de la Lowé S.A.

in thousand EUR	**2022**	**2021**
At 1 January	1 426	2 360
Share of profit/(loss) of associates	–240	–934
At 31 December	**1 186**	**1 426**

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 2022	31 December 2021
Current assets	10 958	11 807
Non-current assets	6 430	4 174
Current liabilities	11 104	9 719
Non-current liabilities	4 028	4 028
Equity 100 %	**2 256**	**2 234**
Group’s share in equity 49%	1 105	1 095
Goodwill	677	677
Elimination of unrealized profit on downstream sales	–596	–346
Group’s carrying amount in the investment	**1 186**	**1 426**

in thousand EUR	2022	2021
Revenues	17 270	15 035
Cost of sales	–15 667	–15 036
Administration expenses	–922	–532
Financial result	–477	–506
Earnings before tax (EBT)	**204**	**–1 039**
Income tax (expenses)/income	–182	–161
Net profit/(loss) 100 %	**22**	**–1 200**
Net profit/(loss) 49%	11	–588
Elimination of unrealized profit on downstream sales	–251	–346
Group’s share of profit/(loss)	**–240**	**–934**

The associate had no contingent liabilities or capital commitments as at 31 December 2022 or 2021.

MIL Energia Renovável Ltda. (former BK Energia Itacoatiara Ltda.)

in thousand EUR	2021
At 1 January	980
Share of profit/(loss) of associates	211
Dividend earned	–531
Change in consolidation scope – disposal	–660
Currency effects	–0
At 31 December	**–**

On 31 May 2021 MIL Madeiras Preciosas Ltda., already owning 40% of BK Energia Itacoatiara Ltda., acquired the remaining 60% of the ordinary shares outstanding, and with this transaction, obtained 100% ownership of the renewable power plant. BK Energia Itacoatiara Ltda. was renamed MIL Energia Renovável Ltda. afterwards. The details of this acquisition are further explained in Note 32.

Set out below is the summarized financial information for BK Energia Itacoatiara Ltda.:

in thousand EUR	Jan – May 2021
Revenues	1 301
Cost of sales	–672
Administration expenses	–79
Financial result	34
Earnings before tax (EBT)	**584**
Income tax (expenses)/income	–56
Net profit/(loss) for the period	**528**
Group's share of profit/(loss) for the year	**211**

The associate had no contingent liabilities or capital commitments as at 31 May 2021.

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. These associates are accounted for using the equity method. The Group's share of profit of associate is classified within operating profit as these businesses form an integral part of the Group's financial performance, reflecting its core business activities. Goodwill arising from an acquisition is included in the carrying amount of the investments in associated companies. Equity accounting is discontinued when the carrying amount of the investment together with any long-term interest in an associate reaches zero, unless the Group has either incurred or guaranteed additional obligations in respect of the associate.

The Group tests associates for impairment only when there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the investment. Objective evidence of impairment includes events such as significant financial difficulties of the associate or information about significant changes with an adverse effect that have taken place in the economic environment in which the associate operates, and indicates that the carrying amount of the associate may not be recovered.

An impairment loss is only recognized when the carrying amount of the associate exceeds its recoverable amount, being the higher of value in use and fair value less costs of disposal. The recoverable amount of an investment in an associate is assessed for each associate, unless the associate does not generate cash inflows from continuing use that are largely independent of those from other assets of the Group.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

14. Non-current loans and investments

in thousand EUR	2022	2021
Non-current loans, associates	423	394
NIBO investment	27	26
Total non-current loans and investments	**450**	**420**

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	2022	2021
Logs	5 662	4 699
Sawn timber	5 323	2 907
Industrialized products	2 053	802
Export products in transit	3 342	2 949
Consignment inventory	222	241
Certified Emission Reductions (CERs)	132	145
Biomass	10	–
Spare parts and other	4 983	5 188
Obsolescence reserve	–1 709	–1 470
Total inventories	**20 018**	**15 461**

Obsolescence reserve

in thousand EUR	2022	2021
At 1 January	1 470	1 794
Increase	935	624
Reversed	–707	–949
Currency effects	11	1
At 31 December	**1 709**	**1 470**

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	2022	2021
Prepaid expenses, prospecting	219	363
Prepaid insurance costs	78	65
Other prepaid expenses	443	608
Total prepaid expenses	**740**	**1 035**

Prepaid expenses are expenses paid in the current accounting period but relating to a future accounting period. 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	2022	2021
Trade receivables, third parties	9 251	6 182
Trade receivables, associates	4 174	4 224
Allowance for expected credit losses	–670	–681
Total trade receivables net	**12 755**	**9 725**
Other current receivables	3 395	4 032
Total trade and other receivables net	**16 150**	**13 757**

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	2022	2021
At 1 January	681	1 029
Increase of allowance for credit losses	81	128
Reversal of allowance for credit losses	–66	–
Utilisation of loss allowances	–45	–475
Currency effects	19	–1
At 31 December	**670**	**681**

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	2022	2021
Not overdue	0.5–0.6%	10 965	9 538
Less than 30 days overdue	0.5–0.6%	2 382	771
31 to 60 days overdue	1.7–2.0%	15	38
61 to 180 days overdue	10.0%	37	28
More than 180 days overdue	15.0%	26	31
Total trade receivables gross		**13 425**	**10 406**
Allowance for individual impairments		–589	–616
Allowance for expected credit losses		–81	–65
Total trade receivables net		**12 755**	**9 725**

Accounting policies

Trade accounts receivable are recognized initially at fair value and subsequently measured at amortized cost less allowances. The allowances base on the simplified approach of full lifetime 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	**2022**	**2021**
Trade payables, third parties	6 004	4 480
Trade payables, associates	2 501	710
Total trade payables	**8 505**	**5 190**
Other current liabilities, third parties	7 671	6 478
Other current liabilities, associates	406	406
Other current liabilities, related parties	477	427
Accrued expenses	3 986	4 081
Total other payables	**12 540**	**11 392**
Total trade and other payables	**21 045**	**16 582**

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	**2022**	**2021**
Loans, interest payables and legal liabilities	47 568	42 638
Lease liabilities	1 598	1 802
Total	**49 166**	**44 440**
Current loans	3 100	2 483
Current loans shareholders and related parties	12 601	28 844
Current interest payables	698	1 181
Total current loans, interest payables and legal liabilities	**16 399**	**32 508**
Current lease liabilities	856	913
Total current	**17 255**	**33 421**
Non-current loans	8 952	4 193
Non-current loans shareholders and related parties	22 211	5 794
Non-current interest payables	6	143
Total non-current loans, interest payables and legal liabilities	**31 169**	**10 130**
Non-current lease liabilities	742	889
Total non-current	**31 911**	**11 019**
Total	**49 166**	**44 440**

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 2021	**5 402**	**39 286**	**44 688**
Cashflows			
Cash inflow	904	–	904
Cash outflow for lease payments	–	–415	–415
Cash outflow for interests paid	–	–1 245	–1 245
Cash outflow due to redemption	–2 010	–1 525	–3 535
Non-cash changes			
Reclassifications	28 258	–28 258	–
Increase in lease liabilities	–	710	710
Increase in interests on lease liabilities	–	142	142
Accrued interests	–	2 350	2 350
Disposal due to renouncement	–165	–235	–400
Currency effects	1 032	209	1 241
At 31 December 2021	**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	–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**

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

in thousand EUR	**31 December 2022**	**31 December 2021**
Currencies financial liabilities/borrowings denominated in:		
EUR	2 507	3 003
XAF	6 739	7 537
CHF	39 652	33 463
BRL	268	437
Total financial liabilities	**49 166**	**44 440**

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

	2022	**2021**
EUR	1.0 – 4.5%	1.0 – 4.0%
XAF	8.5–11.0%	8.5–11.0%
CHF	2.8 – 6.0%	1.5 – 6.0%
BRL	0.0 – 8.7%	4.5 – 6.8%

Further 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 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	at amortized costs	at fair value through OCI	Total
31 December 2021			
Assets			
Cash and cash equivalents	2 256	–	2 256
Trade and other receivables [1]	11 199	–	11 199
Non-current loan to associates	394	–	394
Non-current financial assets	436	26	462
Total financial assets	**14 285**	**26**	**14 311**

[1] Not included are receivables due from tax authorities of EUR 2.6 million.

in thousand EUR	2022	2021
Liabilities at amortized costs		
Trade and other payables [1]	16 246	11 717
Loans, interest payables and legal liabilities	47 568	42 638
Lease liabilities	1 598	1 802
Total financial liabilities	**65 412**	**56 157**

[1] Not included are accruals and payables due to tax authorities of EUR 4.8 million (2021: EUR 4.9 million).

Accounting policies

Financial assets are categorized as current assets if they are expected to be realized within 12 months from the reporting date otherwise they are included in non-current assets. Trade accounts receivables and other current assets are measured at amortized cost less allowances for expected credit losses. Financial assets at fair value through OCI are subsequently measured at fair value, with changes in fair value recorded in other comprehensive income.

Trade accounts payables and current liabilities are categorized as current liabilities if they are expected to be realized within 12 months from the reporting date otherwise they are included in non-current liabilities. They are measured at amortized cost. 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 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**

in thousand EUR	31 December 2021	Level 1	Level 2	Level 3
Non-current financial assets	26	–	–	26
Biological assets	14 356	–	–	14 356
Land	42 332	–	42 332	–
Total assets measured at fair value	**56 714**	**–**	**42 332**	**14 382**

Reconciliation of fair value measurement of level 3 assets

in thousand EUR	2022	2021
At 1 January	14 382	10 187
Gain from changes in fair value from biological assets	4 075	4 074
Currency effects	1 501	121
At 31 December	**19 958**	**14 382**

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	2022	2021
At 1 January	1 802	2 350
Additions	854	710
Interest expenses	127	142
Redemption	–639	–999
Payments	–559	–415
Currency effects	13	14
At 31 December	**1 598**	**1 802**
Thereof current	856	913
Thereof non-current	742	889

Right-of-use assets

in thousand EUR	Leased buildings and building improvements	Leased machinery and vehicles	**Total**
At 1 January 2021	**434**	**2 981**	**3 415**
Additions	73	637	710
Reclassification to PPE (exercised purchase options)		–837	–837
Depreciation	–134	–1 344	–1 478
Currency effects	13	0	13
At 31 December 2021	**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**

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

in thousand EUR	**2022**	**2021**
Expenses for short-term leases	360	258
Expenses for leases of low value	4	3
Total operating lease expenses	**364**	**261**

Accounting policies
Each contract is assessed at inception, whether it constitutes or contains a lease. This is given, when the contract conveys the right to control the use of the identified asset for the period of use in exchange for substantially all of the economic benefits. 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.

At the commencement date, the lease liability is measured at the present value of future lease payments to be made over the lease term. Incremental borrowing rates are used for the discount rates. The right-of-use asset corresponds initially to the lease liability, plus any initial direct costs, advance payments and dismantling or removing costs. The right-of-use asset is depreciated on a straight-line basis over the shorter of the lease term or the useful life. If at the end of the lease term the ownership of the leased asset is transferred to the lessee or the lessee is reasonably certain to exercise the purchase option, then the right-of-use asset has to be depreciated according to the useful life defined for property, plant and equipment.

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 2022	Number of shares at a nominal value of CHF 1 2021	Share capital in thousand EUR 2022	Share capital in thousand EUR 2021
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 2022, the issued and fully paid-in share capital amounted to CHF 7 052 745 (2021: CHF 7 052 745).

Authorized share capital

On 27 May 2021, authorized capital in the amount of CHF 1 000 000 was adopted by the general meeting. It will expire in May 2023.

Conditional share capital

On 31 December 2022, 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 2022, Precious Woods Holding purchased 1 632 treasury shares in the total amount of EUR 20 687. The Group held 1 632 treasury shares as of 31 December 2022 (2021: 0).

23. Major shareholders

On 31 December 2022, the major shareholders holding 3% (rounded) or more of Precious Woods Holding outstanding shares were as follows:

	Number of shares 2022		Number of shares 2021	
Fleischmann Werner / BoD[1]	1 708 883	24.2%	1 475 801	20.9%
Rössler Max	800 000	11.3%	50 000	0.7%
Aage V. Jensen Charity Foundation	455 704	6.5%	455 704	6.5%
Other BoD / Management	382 341	5.4%	322 773	4.6%
Basler Insurances	333 053	4.7%	333 053	4.7%
von Braun	324 324	4.6%	324 324	4.6%
Vasalli Christian	282 100	4.0%	247 100	3.5%
Gut Thomas	491 808	7.0%	241 808	3.4%
Gut Joseph	241 533	3.4%	241 533	3.4%
Campdem Development SA	–	0.0%	537 817	7.6%
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	2022	2021
Net income/(loss) attributable to Group equity holders	1 002 503	4 692 582
Weighted average number of shares	7 051 424	7 049 367
Basic earnings/loss per share	**0.14**	**0.67**
Weighted average number of shares for diluted earnings per share	7 051 424	7 049 367
Diluted earnings per share	**0.14**	**0.67**

Basic earnings per share (EPS) are calculated by dividing the net income attributable to shareholders of Precious Woods Holding by the weighted average number of shares outstanding during the year. For diluted EPS, the weighted average number of shares outstanding is adjusted to assume conversion of all potentially dilutive shares arising from options on Precious Woods shares.

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 2022 and 2021, are detailed below:

in thousand EUR	2022	2021
Trade and other current receivables from related parties	28	97
Trade receivables and other current receivables from associates	4 174	4 224
Non-current loan to associates	423	394
Trade and other current liabilities from related parties	477	427
Trade and other current liabilities to associates	2 908	1 117
Current loans from shareholders	11 086	28 844
Current loans from related parties	1 514	–
Non-current loans from shareholders	21 202	5 794
Non-current loans from related parties	1 010	–
Paid interest expenses to shareholders	542	505
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 2022 and 2021, the Group granted remunerations to related parties as follows:

in thousand EUR	2022	2021
Board of Directors		
Short-term employee benefits	235	197
Post-employment employee benefits	11	9
Total remuneration and fees Board of Directors	**246**	**206**
Group Management		
Short-term employee benefits	1 209	1 044
Post-employment employee benefits	189	169
Total Group Management	**1 398**	**1 213**
Operating management		
Short-term employee benefits	924	812
Post-employment employee benefits	78	78
Total operating management	**1 002**	**890**
Total compensation to key management personnel	**2 646**	**2 309**

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

26. Provisions

in thousand EUR	Legal claims	Others	2022 Total	2021 Total
Current provisions	7	124	131	9
Non-current provisions	327	432	759	662
Total provisions	**334**	**556**	**890**	**671**
At 1 January	288	383	671	642
Additions	62	169	231	98
Unused amounts reversed	–17	–5	–22	–74
Used during the year	–28	–35	–63	–
Currency effects	29	44	73	5
At 31 December	**334**	**556**	**890**	**671**

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 2022 (2021: EUR 0.3 million).

Others
The total amount of EUR 0.6 million for other current and non-current provisions includes amounts for tax fees of EUR 0.1 million (2021: EUR 0.2 million) and for other provisions of EUR 0.3 million (2021: EUR 0.2 million). In December 2022, a restructuring provision was recognized in the amount of EUR 0.1 million for the restructuring measures of Precious Woods Compagnie Equatoriale des Bois S.A. in Gabon.

Accounting policies
Provisions are recognized when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. 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 4.3 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 2022 (31 December 2021: 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	2022	2021
Current tax expenses/(income)	1 706	1 598
Deferred tax expenses/(income) relating to temporary differences	780	1 665
Total income taxes	**2 486**	**3 263**

Reconciliation of tax expenses/(income)

in thousand EUR	2022	2021
Earnings before tax	**3 451**	**7 949**
Expected tax expenses/(income) based on a weighted average	1 526	2 371
Tax adjustments related to prior years	311	–
Non-recognized tax losses	2 395	–
Derecognition of previously recognized deferred tax assets	–	1 138
Tax deductions on local impairments	–1 277	–
Minimum tax in Gabon	55	345
Permanent tax deductions Brazil	–693	–
Change in permanent differences	–	–568
Non-deductible expenses	265	–
Other	–96	–23
Total income taxes	**2 486**	**3 263**

The weighted average applicable tax rate, considering all profit- and loss-making entities, was 44% (2021: 28%).

Deferred income tax

in thousand EUR	2022	2021
Total deferred tax assets	10 212	9 873
Total deferred tax liabilities	–20 632	–17 422
Net deferred tax assets/(liabilities)	**–10 420**	**–7 549**

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	2022	2021
Inventories	46	26
Property, plant and equipment	–	–
Tax loss carry-forwards	1 342	1 234
Provisions	153	138
Financial liabilities	7 931	7 764
Other	740	711
Total deferred tax assets	**10 212**	**9 873**

Deferred income tax liabilities

in thousand EUR	2022	2021
Property, plant and equipment	–13 646	–12 336
Biological assets	–6 776	–4 881
Intangible assets	–186	–205
Financial liabilities	–24	–
Total deferred tax liabilities	**–20 632**	**–17 422**
Net deferred tax assets/(liabilities)	**–10 420**	**–7 549**
Reported in the balance sheet as follows:		
Deferred tax assets	–	–
Deferred tax liabilities	–10 420	–7 549
Net deferred tax assets/(liabilities)	**–10 420**	**–7 549**

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

in thousand EUR	2022	2021
At 1 January	–7 549	–6 214
Income statement charge	–780	–1 665
Tax charged to other comprehensive income	–1 394	389
Currency effects	–697	–59
At 31 December	**–10 420**	**–7 549**

The Group did not recognize deferred income tax assets on deductible temporary differences of EUR 4.9 million (2021: EUR 5.7 million) and on unused tax losses of EUR 30.0 million (2021: EUR 40.5 million).

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

in thousand EUR	2022	2021
0–2 years	–	26 218
3–4 years	538	–
5–7 years	21 631	6 868
over 7 years	7 756	7 369
Total tax loss carry-forwards	**29 925**	**40 455**

EUR 4.4 million of these tax loss carry-forwards belong to the Dutch operations of Precious Woods with an applicable tax rate of 15% (2021: EUR 5.4 million with an applicable tax rate of 15%), EUR 3.7 million belong to the Brazilian operations with an applicable tax rate of 34% (2021: EUR 3.3 million with an applicable tax rate of 34%), EUR 0.3 million belong to the Gabonese operations with an applicable tax rate of 30% (2021: EUR 0.0 million)and EUR 21.6 million belong to the Swiss operation with an applicable tax rate of 11.85% (2021: EUR 31.8 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	2022	2021
Current employee benefits – defined benefit plans	12	24
Non-current employee benefits – defined benefit plans	1 496	1 652
Non-current employee benefits – defined contribution plans	1 161	1 218
Non-current employee benefits – jubilee provisions	82	82
Total liabilities due to employees	**2 751**	**2 976**

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	2022	2021
Defined benefit obligation at 1 January	5 932	5 486
Current service costs	291	249
Interest costs	23	8
Contribution by plan participants	99	91
Actuarial losses/(gains)	–1 163	–170
Benefits paid/transferred	822	11
Currency effects	271	257
31 December	**6 275**	**5 932**
Plans wholly or partly funded	6 275	5 932
Plans wholly unfunded	–	–

The discount rate used for the valuation of the obligations increased from 0.35% in 2021 to 2.25% in 2022.

Movement in the fair value of the plan assets

in thousand EUR	2022	2021
Opening fair value of plan assets	4 280	3 587
Interest income	17	6
Return on plan assets excluding interest income	–871	190
Contributions by the employers	232	212
Contributions by plan participants	99	91
Benefits paid/transferred	822	11
Currency effects	200	183
31 December	**4 779**	**4 280**

in thousand EUR	2022	2021
Present value of obligations	6 275	5 932
Fair value of plan assets	4 779	4 280
Net liability	**1 496**	**1 652**

Changes in net liability

in thousand EUR	2022	2021
Opening net liability	1 652	1 899
Pension cost recognized in profit or loss	297	252
Pension cost recognized in other comprehensive income	–292	–360
Employer contributions	–232	–212
Currency effects	71	73
Recognized in balance sheet	**1 496**	**1 652**

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

in thousand EUR	2022	2021
Current service costs	291	249
Net interest costs	6	3
Recognized in profit or loss	**297**	**252**

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

in thousand EUR	2022	2021
Return of plan assets excluding interest income	–871	190
Changes in assumptions	1 633	306
Experience adjustments	–470	–136
Recognized in other comprehensive income	**292**	**360**

Principal actuarial assumptions used

	2022	2021
Expected employer contributions	235 934	213 675
Discount rates	2.25%	0.35%
Expected salary increases	1.50%	1.00%
Expected long-term increase of pensions	0.00%	0.00%
Mortality table	BVG 2020 GT	BVG 2020 GT
Weighted average duration	13.7	16.9

Sensitivity to changes in the principal assumptions

in thousand EUR	DBO	Effect
Actuarial assumption 31 December 2022	6 275	
Discount rate +0.25%	6 064	–3.4%
Discount rate –0.25%	6 500	3.6%
Salary increase rate +0.25%	6 294	0.3%
Salary increase rate –0.25%	6 257	–0.3%

in thousand EUR	DBO	Effect
Actuarial assumption 31 December 2021	5 932	
Discount rate +0.5%	5 687	–4.1%
Discount rate –0.5%	6 194	4.4%
Salary increase rate +0.5%	5 955	0.4%
Salary increase rate –0.5%	5 910	–0.4%

Plan asset allocation

in thousand EUR	2022	2021
Shares	33.2%	34.8%
Bonds	29.1%	31.7%
Real estate investments	27.3%	23.1%
Mortgages	4.0%	3.9%
Alternative investments	3.5%	2.8%
Liquidity	2.8%	3.7%
Infrastruktur	0.2%	0.0%
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. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past service costs, which comprise plan amendments and curtailments, as well as gains or losses on the settlement of pension benefits are recognized immediately when they occur. Remeasurements, which comprise actuarial gains and losses on the pension obligation, the return on plan assets and changes in the effect of the asset ceiling excluding amounts included in net interest, are recognized directly in other comprehensive income and are not reclassified to profit or loss in subsequent periods. The pension obligation is measured at the present value of estimated future cash flows using a discount rate that is determined by reference to the interest rate on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

30. Currency translation rates

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

					2022				2021
in EUR		Year-end rate	in % of previous year	Average rate	in % of previous year	Year-end rate	in % of previous year	Average rate	in % of previous year
Swiss franc	1 CHF	1.0096	104.6%	0.9955	107.6%	0.9656	104.5%	0.9250	99.0%
Euro	1 EUR	1.0000	100.0%	1.0000	100.0%	1.0000	100.0%	1.0000	100.0%
Brazilian real	1 BRL	0.1766	111.6%	0.1843	117.5%	0.1582	100.8%	0.1568	91.1%
US dollar	1 USD	0.9338	105.9%	0.9506	112.4%	0.8815	108.1%	0.8455	96.4%
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 **2022**	Ownership **2021**
MIL Madeiras Preciosas Ltda.	Brazil	100%	100%
MIL Energia Renovável Ltda. (ex BK Energia Itacoatiara Ltda.) [1]	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%

[1] Associated company until 31 May 2021; as of 1st June 2021 100% investment and fully consolidated subsidiary

On 31 May 2021 MIL Madeiras Preciosas Ltda., acquired the remaining 60% of the ordinary shares outstanding, and obtained 100% ownership of the renewable power plant. BK Energia Itacoatiara Ltda. was renamed MIL Energia Renovável Ltda. afterwards. Note 32 contains the details of this purchase.

Further information about the associated entities of the Group are 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. Increase of investment in MIL Energia Renovável Ltda.

On 31 May 2021 MIL Madeiras Preciosas Ltda., owning already 40% of the ordinary shares, acquired the remaining 60% of the outstanding ordinary shares of the renewable power plant BK Energia Itacoatiara Ltda. and renamed it to MIL Energia Renovável Ltda. The fair value of the 40% at acquisition date amounted to EUR 1.4 million. The remeasurement to fair value of the Group's existing 40% interest in BK Energia Itacoatiara Ltda. resulted in a gain of EUR 0.1 million (EUR 1.4 million fair value less the EUR 0.7 million carrying amount of the equity-accounted investee at the date of acquisition less EUR 0.6 million of accumulated currency translation loss reclassified to profit or loss). This amount has been included in financial income (see Note 9).

The financial statements 2021 include the results of MIL Energia Renovável Ltda. for the seven-month period from the acquisition date. For this period, the revenue in the consolidated statement of profit or loss, contributed by MIL Energia Renovável Ltda., amounted to EUR 1.7 million and the net profit to EUR 0.3 million. If MIL Energia Renovável Ltda. had been fully consolidated from 1 January 2021, the consolidated statement of profit or loss would have included revenue of EUR 3.0 million and net profit of EUR 0.8 million.

The fair values of the identifiable assets and liabilities of MIL Energia Renovável Ltda. as at the date of acquisition were:

in thousand EUR	1st June 2021
Cash and cash equivalents	976
Trade and other receivables	844
Inventories	36
Total current assets	1 856
Property, plant and equipment	66
Intangible assets	1 522
Total non-current assets	1 588
Trade and other payables	–269
Current income tax payables	–23
Current provisions	–8
Total current liabilities	–300
Total net assets	3 144

The goodwill of EUR 0.3 million arising from the acquisition consists largely of the expected synergies and economies of scale from increasing the portion of investment in BK Energia. It is the aggregate of the consideration transferred of EUR 3.4 million, compared with the net of acquisition-date assets and liabilities of EUR 3.1 million. These assets contain also a customer portfolio of EUR 1.5 million. The dividend receivables for the periods prior to the acquisition of the remaining share were offset against the cash consideration.

The details of the purchase considerations recognized at acquisition date and the derivation of goodwill were as follows:

in thousand EUR	1st June 2021
Cash consideration	2 042
Fair value of pre-existing interest (40%) in BK Energia	1 366
Total purchase consideration	3 408
Less net assets acquired at fair value	3 144
Goodwill	264

in thousand EUR	1st June 2021
Cash consideration	–2 042
Offset with dividend receivable	522
Net cash acquired	976
Net outflow of cash – investing activities	–544

33. Subsequent events

There were no significant events after the reporting period.

34. Approval of financial statements and dividends

The financial statements were approved by the Board of Directors on 24 April 2023 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 2022 (2021: no dividend paid).

Ernst & Young Ltd
Maagplatz 1
P.O. Box
CH-8010 Zurich

Phone: +41 58 286 31 11
Fax: +41 58 286 30 04
www.ey.com/ch

To the General Meeting of
Precious Woods Holding AG, Zug

Zurich, 24 April 2023

Report of the statutory auditor

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 2022, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 54 to 94) give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Material uncertainty related to going concern
We draw attention to note *1. Basis of presentation, consolidation and general accounting policies, section Going Concern – Debt restructuring / refinancing* of the consolidated financial statements, which describes an uncertainty regarding the refinancing of short-term loan liabilities that is dependent on the ability to meet plan targets in raising new financing or extend matured debt. If the Group is not able to extend, refinance or repay their liabilities in a timely manner, it may face liquidity issues. This fact indicates that a material uncertainty exists that may cast significant doubt about the Group'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.

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.

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 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, which give a true and fair view in accordance with IFRS 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.

A further description of our responsibilities for the audit of the consolidated financial statements is located on EXPERTsuisse's website at: https://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

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.

Ernst & Young Ltd

Kaspar Streiff	Gianantonio Zanetti
Licensed audit expert	Licensed audit expert
(Auditor in charge)	

Precious Woods Holding Ltd financial statements

Picture left: Photograph from the Brazilian forest area of PW Amazon

Balance sheet

in thousand CHF	Notes	31.12.22	31.12.21
ASSETS			
Current assets			
Cash and cash equivalents		1 870	963
Trade receivables			
against third parties		6 433	4 296
against Group companies		436	118
Other short-term receivables			
against third parties		43	12
against Group companies		2 588	2 574
Inventories		243	445
Prepaid expenses		82	61
Total current assets		**11 695**	**8 469**
Non-current assets			
Financial assets to Group companies	6	53 895	53 690
Investments in Group companies	5	38 748	48 048
Property, plant, equipment and lease	10	264	331
Intangible assets		10	25
Long-term financial assets		50	50
Total non-current assets		**92 967**	**102 144**
TOTAL assets		**104 662**	**110 613**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Trade payables			
against third parties		408	327
against Group companies and associates		4 941	2 677
Short-term interest-bearing liabilities against third parties		500	500
Short-term interest-bearing liabilities against shareholders	7, 9	7 075	26 126
Short-term lease liabilities	14	96	93
Other short-term liabilities	15	197	709
Accrued expenses and short term provisions		964	882
Accrued interest expenses against shareholders	7	6 105	5 358
Total short-term liabilities		**20 286**	**36 672**
Non-current liabilities			
Long-term interest-bearing liabilities against third parties	8	6 000	–
Long-term interest-bearing liabilities against shareholders	8	22 000	6 000
Long-term lease liabilities	14	142	223
Long-term provisions		80	85
Total long-term liabilities		**28 222**	**6 308**
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		4 534	4 534
Treasury shares	4	–21	–
Loss carried forward		–32 877	–26 281
Net loss for the year		–11 459	–6 596
Total shareholders' equity		**56 154**	**67 633**
TOTAL liabilities & shareholders' equity		**104 662**	**110 613**

Income statement

in thousand CHF	Notes	2022	2021
Sales			
Net sales timber products		59 705	55 975
Net sales CO_2 certificates		91	94
Changes in inventories of finished goods		–8	59
Changes in inventories of CO_2 certificates		–16	9
Production costs		–55 555	–52 388
Total operating income		**4 217**	**3 749**
Personnel expenses		–3 228	–3 044
Administrative expenses		–1 280	–1 517
Audit fees		–234	–238
Earnings before interest, taxes, depreciation and amortization (EBITDA)		**–525**	**–1 050**
Depreciation, amortization and impairment	5, 10	–8 359	2 400
Earnings before interest & taxes (EBIT)		**–8 884**	**1 350**
Financial income		1 542	1 616
Financial expenses	5	–2 557	–7 724
Foreign exchange differences		–1 509	–1 783
Earnings before taxes (EBT)		**–11 408**	**–6 541**
Taxes		–51	–55
Net loss for the year		**–11 459**	**–6 596**

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 articles 957 – 963b 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: 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
Net sales are determined by deducting transportation costs, value added taxes, discounts and returns from gross sales. 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.

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 2022 was composed of 7 052 745 (2021: 7 052 745) fully paid-in registered shares, each with a nominal value of CHF 1.00.

2. Authorized share capital

On 27 May 2021, the Annual General Meeting approved an authorized share capital of CHF 1 000 000 (1 000 000 shares with a nominal value of CHF 1.00 each). The Board of Directors is thus authorized to increase the share capital at any time until 19 May 2023 by a maximum amount of CHF 1 000 000 by way of issuance of no more than 1 000 000 registered shares that are to be fully paid in with a nominal value of CHF 1.00 each. In 2022, no capital increase was carried out from authorized share capital. On 31 December 2022, the amount of the authorized capital is thus CHF 1 000 000 in shares (1 000 000 shares with a nominal value of CHF 1.00 each).

With the new share law, which will come into force on 1 January 2023, the authorized share capital will be replaced by the new instrument of the capital band. Further details will be provided with the invitation to the Annual General Meeting 2023.

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 2022, the conditional share capital amounted 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 (2021: 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 2022, the conditional share capital thus amounted 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 2021			–	–
Purchases	6	10.32	47	5 866
Sales	5	10.32	–47	–5 866
At 31 December 2021			**–**	**–**

	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**

In 2022, 1 632 registered shares were acquired. As at the balance sheet date, the acquisition cost of treasury shares amounts to CHF 21 thousand.

5. Investments in subsidiaries

The company holds the following direct and significant indirect investments:

Company, country	Currency	2022 Nominal share capital	2021 Nominal share capital	2022 Voting rights and Participation	2021 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 at 31 December 2022, the company recognized an impairment loss of CHF 9.3 million on the two investments Lastour & Co. and Unio S.A. as a result of restructuring measures. CHF 8.2 million was recognized in the income statement as impairment (see note 10). The residual amount of CHF 1.1 million, representing the foreign exchange loss, was recognized in the income statement as financial expense. For further information on investments as well as investments in associates, we refer to note 31 and 13 to the consolidated group financial statements.

6. Financial assets to Group companies

As at 31 December 2022, the financial assets to Group companies include loans granted to the subsidiaries.

7. Other short-term interest-bearing liabilities

As of 31 December 2022, the short-term liabilities consist of four loans from shareholders in the amount of CHF 4.4 million. The loans have an interest rate of 6%. The position also includes two loans from shareholders in the amount of EUR 1.0 million each (total CHF 2.2 million) and one loan from shareholder in the amount of EUR 0.5 million (CHF 0.5 million). The loans bear interest at 4.5% and 4.0% and the agreed repayments will be made in 2023 up to and including December 2023. In addition to the loans, accumulated accrued interests due to shareholders of CHF 6.1 million are presented as accrued interest expenses against shareholders.

Going Concern – Debt restructuring / refinancing

The company has significant financial liabilities that are due and payable within the next 12 months and there are no clear indications that the company will be able to meet these obligations without additional financing. Due to the circumstances, the liquidity of the group is currently under pressure.

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 December 2023. 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.

The company is taking steps to address the uncertainties and improve its liquidity position, including reviewing its cost structure, exploring additional sources of financing, and seeking to refinance its debt obligations. Measures that have been initiated but not yet completed include:

- Discussion with current loan lenders to extend short term due loans for at least additional 12 months,
- Increase capital-band at the next AGM to give future investors the possibility of equity investment,
- Consider sale of assets (e.g. Land with concession lease-back),
- Contact with 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 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 2023. 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. The company will continue to monitor and assess its liquidity position and take necessary actions to mitigate these risks and will provide updates to stakeholders as appropriate. The board of directors is committed to act with the required urgency.

8. Long-term interest-bearing liabilities

As of 31 December 2022, the long-term liabilities consist of three loans in the amount of CHF 22.0 million from shareholders and one loan in the amount of CHF 6.0 million from third parties. The loans have an interest rate of 6% and 4% and have been agreed with maturities until December 2024, June 2025 and October 2025 (see also note 12).

9. 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 2.5 million (2021: CHF 0.0 million). The compensation and the number of shares held by the Board of Directors are composed as follows:

in thousand CHF	Fix in cash	Fix in shares	Other compensation	**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 [1]	19	–	–	**19**	1 708 883
Total	**199**	**–**	**10**	**209**	**2 077 124**

in thousand CHF	Fix in cash	Fix in shares	Other compensation	**Total**	**Ownership of shares**
For the year 2021					
Katharina Lehmann	90	–	–	**90**	104 453
Markus Brütsch	30	–	–	**30**	178 220
Jürgen Blaser	30	–	–	**30**	3 500
Robert Hunink	30	–	3	**33**	25 000
Total	**180**	**–**	**3**	**183**	**311 173**

[1] This Board member was elected in May 2022.

As of the balance sheet date, there are no loans between the Company and the Group Management. The compensation and the number of shares held by the Group Management are composed as follows:

in thousand CHF	Salary Fix in cash	Salary [1] Variable 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**

in thousand CHF	Salary Fix in cash	Salary [1] Variable in cash	Employer [2] social contributions	**Total**	**Ownership of shares**
For the year 2021					
Markus Brütsch, CEO / CFO	375	125	89	**589**	178 220
Group Management Total	**983**	**145**	**183**	**1 311**	**189 820**

[1] During 2022 and 2021 no share-based compensation was made to the Group Management.

[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.

10. Depreciation, amortization and impairment

As of 31 December 2022, 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, On the other hand, it includes an impairment of the investments Lastour & Co. and Unio S.A. (see Note 5) in the amount of CHF 8.2 million.

11. Major shareholders

For the overview of major shareholders as of 31 December 2022 and 2021 we refer to the note 23 to the consolidated group financial statements.

12. Pledged assets / other securities

As of 31 December 2022, and 2021, Precious Woods Holding Ltd had no pledged assets, but the liabilities of CHF 26.0 million are secured by land securities in Brazil (see note 8).

13. Other note / Full time employment

The full-time employment of Holding employees for the year 2022 amounts to 14.3 FTE (2021: 13.1 FTE). We refer to the social key figures in the sustainability report for further information.

14. 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	2022	2021
Position of balance				
Property, plant, equipment and lease (rights-of-use assets)	Vehicles	3 years	23 178	5 583
	Office spaces	5 years	217 554	304 575
	IT equipment	5 years	1 977	4 349
Total rights-of-use assets			**242 709**	314 507
Total Leasing liabilities (short- and long-term)			**238 698**	315 421

Position of income statement	**1.1.-31.12.2022**	**1.1.-31.12.2021**
Depreciation (rights-of-use assets)	–100 458	–99 389
Interest expenses lease liabilities	–3 295	–4 331

15. Other note / Other short-term liabilities

As at 31 December 2022, no pension fund liabilities are included in other short-term liabilities (2021: CHF 0.1 million).

16. Other note / Significant events after the reporting date

For additional information on significant events after reporting date, we refer to the note 33 of the consolidated group financial statements.

Proposed appropriation of the accumulated loss

Motion of Board of Directors

The Board of Directors proposes to the Annual General Meeting on 17 May 2023 that the net loss for the financial year ended 31 December 2022 of CHF 11.5 million to be carried forward as follows:

in thousand CHF	2022
Appropriation of losses	
Loss carried forward	–32 877
Net loss for the year	–11 459
Total to be carried forward	**–44 336**

Ernst & Young Ltd
Maagplatz 1
P.O. Box
CH-8010 Zurich

Phone: +41 58 286 31 11
Fax: +41 58 286 30 04
www.ey.com/ch

To the General Meeting of
Precious Woods Holding Ltd, Zug

Zurich, 24 April 2023

Report of the statutory auditor

Report on the audit of the financial statements

Opinion
We have audited the financial statements of Precious Woods Holding Ltd (the Company), which comprise the Balance sheet as at 31 December 2022 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 100 to 107) comply with Swiss law and the Company's articles of incorporation.

Material uncertainty related to going concern
We draw attention to note *7. Other short-term interest-bearing liabilities - Going Concern – Debt restructuring / refinancing* of the financial statements, which describes an uncertainty regarding the refinancing of short-term loan liabilities that is dependent on the ability to meet plan targets in raising new financing or extend matured debt. If Precious Woods Holding AG is not able to extend, refinance or repay its liabilities in a timely manner, the company might face liquidity issues. This fact indicates that a material uncertainty exists that may cast significant doubt about 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.

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 and 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.

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 financial statements, the consolidated 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.

A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse's website at: https://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

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 financial statements according to the instructions of the Board of Directors.

Furthermore, we confirm that the proposed appropriation of accumulated loss complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Kaspar Streiff
Licensed audit expert
(Auditor in charge)

Gianantonio Zanetti
Licensed audit expert

Contact addresses

Precious Woods in Europe

Precious Woods Holding Ltd
Company headquarters:
Untermüli 6
CH-6300 Zug
Switzerland
Phone +41 41 726 13 13
Fax +41 41 726 13 19
www.preciouswoods.com
office@preciouswoods.com

Precious Woods in Brazil

MIL Madeiras Preciosas Ltda.
(Precious Woods Amazon)
Rodovia AM 363, KM 1.5, Zona Rural
Zip Code – 69109-899
Itacoatiara – Amazonas
Brazil
Phone +55 92 99136-5045/5066
Fax +55 92 98533-1664/1682
contato@milmadeiraspreciosas.com.br

MIL Energia Renovável Ltda.
(Precious Woods Energy)
Rodovia AM 363, Km 1, Área Rural
Zip Code – 69109-899
Itacoatiara – Amazonas
Brazil
Phone +55 92 99136-5045/5066
Fax +55 92 98533-1664/1682

Precious Woods in Central Africa

Precious Woods Gabon CEB
(Precious Woods Gabon)
P.O. Box 2262 – Libreville
Rue Kringier Rendjombé
Quartier Batterie IV
GA-Libreville
Gabon
Phone +241 011 73 45 79
Fax +241 011 73 87 80
ceb@preciouswoods.com

Precious Woods Gabon TGI
(Precious Woods Gabon)
P.O. Box 993 – Libreville
Quartier Batterie IV
GA-Owendo
Gabon
Phone +241 011 70 06 86
Fax +241 011 70 56 51

© 2023
Precious Woods Holding Ltd
Editorship
Jacqueline Martinoli
Precious Woods Holding Ltd
Design
Precious Woods Holding Ltd
Photography
Precious Woods Holding Ltd
Metamorphoto, Michael Bosshard
ATIBT
Jeanicolau Simone de Lacerda
Image processing / Print
Triner AG, Media + Print
Production
Management Digital Data AG
Precious Woods Holding Ltd

Cautionary note on forward-looking statements: This Annual Report contains forward-looking statements that reflect Precious Woods' current views with respect to future events. These forward-looking statements are based on assumptions and involve risks and uncertainties with regard to future global economic conditions, foreign exchange rates, regulatory rules, market conditions, environmental factors, the actions of competitors and other factors. These risks and uncertainties could cause actual results to differ materially from those contained in the forward-looking statements. Precious Woods does not assume any obligation to update information or forward-looking statements set forth in this document.

The Precious Woods Annual Report is available in both German and English. The printed English version and the report of the statutory auditors on the audit of the consolidated financial statements and the financial statements of Precious Woods Holding Ltd are authoritative.

Precious Woods Holding Ltd
Untermüli 6
6300 Zug
Switzerland

PRECIOUS WOODS