



## Media release

### Increased sales and costs in the 2022 business year

**Zug, 26 April 2023 – 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). As in the previous year, 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.**

#### **Positive volume and sales development**

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).

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.

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 mainly due to sales of sawn timber in the international market. Conversely, the increased share of products sold in the national 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.

In Brazil, the harvest volume for logs was 185 300 m<sup>3</sup>, 15 % higher than in the previous year. The sawmill processed 180 010 m<sup>3</sup> 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 m<sup>3</sup> (previous year: 39 700 m<sup>3</sup>).

In Gabon, the harvest volume in 2022 was 228 900 m<sup>3</sup>, a decline of 2.1 % from the previous year (233 700 m<sup>3</sup>). The sawmills in Bambidie processed a total of 150 700 m<sup>3</sup> of logs, an increase of 1.1 %. Yield rose by 0.5 percentage point, corresponding to an increase of 1.6 %. Sawn timber production amounted to 54 900 m<sup>3</sup> (previous year: 53 500 m<sup>3</sup>).

### **Margin development**

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.

### **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.

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.

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.

### **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.

### **General Meeting on 17 May 2023**

This year's ordinary Annual General Meeting will take place on 17 May 2023 in the Volkshaus Zurich. The invitation to the General Meeting will be published in the Swiss Official Gazette of Commerce (SOGC) and on the Precious Woods website on 26 April 2023, together with the complete agenda and the proposals by the Board of Directors.

Katharina Lehmann has decided to resign from the Board of Directors after 15 years of service, including 6 years as Chairwoman. The current Board members Markus Brüttsch, Werner Fleischmann, Robert Hunink and Jürgen Blaser are standing for re-election. The Board of Directors proposes Bernhard Pauli and Olivier Kobel as new members. Markus Brüttsch will take over the duties as Chairman and hand over his previous responsibilities as CEO and CFO to his successors in the course of the year. We would like to take this opportunity to thank Katharina Lehmann for her many years of great commitment to our Group and are pleased that she will remain with us. Her achievements will be acknowledged at the General Assembly.

The complete Annual Report is now available for download at [www.preciouswoods.com](http://www.preciouswoods.com) as well as an online version.

#### **Information:**

Katharina Lehmann (Chairwoman) and Markus Brüttsch (CEO/CFO and Delegate)

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

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

## Precious Woods Group – Key figures

in thousand EUR

<b>INCOME STATEMENT</b>	<b>2022</b>		<b>2021</b>	
<b>Net sales</b>	<b>65'866</b>	<b>100.0%</b>	<b>54'299</b>	<b>100.0%</b>
Production cost	-26'454	-40.2%	-17'824	-32.8%
<b>Operational contribution</b>	<b>39'411</b>	<b>59.8%</b>	<b>36'475</b>	<b>67.2%</b>
Labour cost	-22'662	-34.4%	-18'197	-33.5%
Other operating cost	-3'177	-4.8%	-2'489	-4.6%
Share on associates	-240	-0.4%	-723	-1.3%
<b>EBITDA</b>	<b>13'332</b>	<b>20.2%</b>	<b>15'066</b>	<b>27.7%</b>
Depreciation and amortization	-6'417	-9.7%	-4'329	-8.0%
<b>EBIT</b>	<b>6'915</b>	<b>10.5%</b>	<b>10'737</b>	<b>19.8%</b>
Financial result	-3'464	-5.3%	-2'788	-5.1%
<b>EBT</b>	<b>3'451</b>	<b>5.2%</b>	<b>7'949</b>	<b>14.6%</b>
Income taxes	-2'486	-3.8%	-3'263	-6.0%
<b>Net result</b>	<b>965</b>	<b>1.5%</b>	<b>4'686</b>	<b>8.6%</b>

in thousand EUR

<b>BALANCE SHEET</b>	<b>31.12.2022</b>		<b>31.12.2021</b>	
Current assets	39'930	29.3%	32'509	27.7%
Non-current assets	96'469	70.7%	84'929	72.3%
<b>TOTAL ASSETS</b>	<b>136'399</b>	<b>100.0%</b>	<b>117'438</b>	<b>100.0%</b>
Current liabilities	40'208	29.5%	50'818	43.3%
Non-current liabilities	45'829	33.6%	22'182	18.9%
Equity	50'362	36.9%	44'438	37.8%
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>136'399</b>	<b>100.0%</b>	<b>117'438</b>	<b>100.0%</b>