

Income statement

in CHF thousands	Note	2022	2021
Dividend income		4 300	13 300
Interest income		5 157	4 772
Other financial income		158	134
Total financial income		9 615	18 206
Service income		5 418	5 068
Other operating income		327	325
Total operating income		15 360	23 599
Personnel expense		-3 642	-3 475
Other operating expense		-2 199	-2 139
Value adjustments on financial assets and investments	2	-	-62 142
Depreciation on tangible fixed assets		-38	-40
Interest expense	3	-2 026	-2 067
Other financial expense		-941	-142
Non-operating income	8	26 176	-
Income taxes		-131	-173
Net result		32 559	-46 579

Balance sheet

in CHF thousands	Note	31.12.2022	31.12.2021
Assets			
Cash and cash equivalents		75 672	32 624
Other receivables from third parties		4 095	4 413
Other receivables from group companies		687	156
Prepayments and accrued income		23	-
Total current assets		80 477	37 193
Tangible fixed assets		20	432
Loans granted to group companies	1	340 334	359 677
Investments	2	88 671	88 671
Total fixed assets		429 025	448 780
Total assets		509 502	485 973
Equity and liabilities			
Interest-bearing liabilities due to third parties	3	98 753	59
Other payables due to third parties		345	288
Accrued liabilities and deferred income		1 206	1 187
Total current liabilities		100 304	1 534
Interest-bearing liabilities due to third parties	3	-	100 000
Total non-current liabilities		-	100 000
Share capital	4	1 200	1 200
Statutory capital contribution reserves		7	7
Statutory retained earnings		10 016	10 016
Retained earnings		365 416	419 795
Net result of the year		32 559	-46 579
Total shareholders' equity		409 198	384 439
Total liabilities and equity		509 502	485 973

Notes to the financial statements

Accounting principles

Presentation

The annual financial statements of CPH Chemie + Papier Holding AG have been compiled in accordance with the provisions on commercial accounting of the Swiss Code of Obligations.

The presentation of these financial statements has been revised for the year under review to enhance their readability. The structures of the income statement and the balance sheet have been simplified in accordance with the provisions on commercial accounting specified in the Swiss Code of Obligations, and the notes thereto have been modified accordingly. This permits a clearer presentation of the company's financial performance. There were no significant adjustments to the disclosure of individual key financial figures for the prior year.

The company provides consolidated financial statements in accordance with Swiss GAAP FER accounting standards. In view of this, the company has elected not to provide expanded notes to these financial statements, a management report and a cash flow statement.

The major balance sheet items have been presented as follows.

Receivables and loans

Receivables are stated at their nominal value less any necessary individual value adjustments. Such value adjustments are determined on the basis of maturity structures and identifiable credit risks.

Investments

Investments are stated at their purchase price less appropriate value adjustments for likely long-term impairments. Investments are valued individually if and insofar as they generate separate cash flows.

Interest-bearing liabilities

Interest-bearing liabilities are stated at their nominal value. Those with a residual term to maturity of up to one year are shown under current liabilities; those with a residual term to maturity of more than one year are shown under non-current liabilities.

Foreign currency translation

Transactions effected in foreign currencies are translated into Swiss francs at the exchange rate valid as at the date of the transaction. Assets and liabilities in foreign currencies are translated into Swiss francs at the exchange rate valid as at the balance sheet date, and applying the imparity principle.

Notes to individual items in the financial statements

1. Loans granted to Group companies

Loans granted to Group companies decreased by CHF 19.3 million in 2022 as a result of the high free cash flow.

2. Investments

	Currency	Capital in thousands	Shareholding
CPH Immobilien AG, Root, Switzerland ¹	CHF	500	100%
Chemistry			
Zeochem AG, Rüti ZH, Switzerland ¹	CHF	1 000	100%
Zeochem L.L.C., Louisville, USA	USD	36 547	100%
Zeochem d.o.o., Zvornik, Bosnia-Herzegovina	BAM	2	100%
Jiangsu Zeochem Technology Co. Ltd., Lianyungang, China ¹	CNY	90 000	92%
Zeochem Pte. Ltd., Singapore, Singapore	SGD	1	100%
Paper			
Perlen Papier AG, Root, Switzerland ¹	CHF	81 000	100%
Perlen Papier Immobilien AG, Root, Switzerland	CHF	1 000	100%
APS Altpapier Service Switzerland AG, Root, Switzerland	CHF	100	100%
Perlen Deutschland GmbH, Munich, Germany	EUR	100	100%
Packaging			
Perlen Packaging AG, Root, Switzerland ¹	CHF	24 000	100%
Perlen Packaging L.L.C., Whippany, USA	USD	1 000	100%
Perlen Packaging GmbH, Müllheim, Germany	EUR	1 300	100%
Perlen Packaging (Suzhou) Co., Ltd., Suzhou, China	USD	13 000	100%
Perlen Packaging Anápolis Indústria e Comércio Ltda., Anápolis, Brazil	BRL	2 464	100%

¹ Directly held by CPH Chemie + Papier Holding AG

Investments remained unchanged in 2022. CPH Immobilien AG, Root (Switzerland) was founded on 29 April 2021. CPH Chemie + Papier Holding AG absorbed Uetikon Industrieholding AG by merger on 11 June 2021. As a result, the latter's UBV Immobilien Treuhand Perlen AG subsidiary was also merged into CPH Immobilien AG on 22 November 2021.

Value adjustments of CHF 77.4 million were effected in 2021 in view of the negative equity development resulting from impairments to the fixed assets of the Paper Division. At the same time, the value adjustments in the Chemistry Division were reduced by CHF 15.3 million in the light of positive business developments.

3. Interest-bearing liabilities

Interest-bearing liabilities include the unsecured 2% CHF 100 million corporate bond maturing on 12 October 2023. As part of the Group's cash management, CHF 1.3 million thereof was repurchased via the stock exchange in 2022, resulting in an outstanding bond liability of CHF 98.7 million on 31 December 2022 (prior year: CHF 100.0 million).

The CHF 2.0 million interest payable on this bond is included in interest expense (prior year: CHF 2.0 million).

4. Share capital

The share capital of CHF 1.2 million consists of 6 000 000 registered shares of CHF 0.20 nominal value (unchanged from the prior year).

5. Treasury shares

A total of 3 345 (prior year: 5 593) treasury shares were purchased in 2022 at an average purchase price of CHF 63.62 per share (prior year: CHF 70.45). No such shares were sold in 2022 (prior year: 3 287 treasury shares sold at an average sale price of CHF 71.49). A total of 1 433 shares (prior year: 1 341) with a vesting period of three years (with no further performance, profit or other vesting conditions) were definitively awarded in 2022 in the form of share-based remuneration. The resulting personnel expense at a share price on assignment of CHF 62.78 per share (prior year: CHF 66.80) amounted to CHF 0.1 million (prior year: CHF 0.1 million). A further 1 912 shares (prior year: 1 341) at an average transaction price of CHF 62.78 per share (prior year: CHF 66.80) were transferred to Group companies for their share-based remuneration.

6. Significant shareholders

	31.12.2022	31.12.2021
Shareholders' group Swiss Industrial Finance AG, Zurich, Switzerland (14.8%) and Elly Schnorf-Schmid Foundation, Zurich, Switzerland (18.8%, up to 29.11.2022 Elly Schnorf-Schmid Estate, Zurich, Switzerland), represented by Peter Schaub, Uster, Switzerland	33.6%	33.6%
J. Safra Sarasin Investmentfonds AG, Basel, Switzerland	6.6%	5.0%

7. Shares held by members of the Board of Directors and the Executive Board

Board of Directors

Number of shares ¹	31.12.2022	31.12.2021
Peter Schaub, Chairman	892 012	892 012
Tim Talaat, Deputy Chairman	145 542	145 542
Claudine Mollenkopf	300	-
Manuel Werder	128 347	128 347
Christian Wipf	400	400
Total Board of Directors	1 166 601	1 166 301

¹ Including related parties, insofar as under significant influence

Executive Board

Number of shares ¹	31.12.2022					31.12.2021				
	not restricted	restricted until 16.03.23	restricted until 15.03.24	restricted until 14.03.25	Total	not restricted	restricted until 16.03.23	restricted until 15.03.24	Total	
Peter Schildknecht, CEO	200	793	894	955	2 842	200	793	894	1 887	
Gerold Brütsch, CFO (from 01.01.2022)	-	-	-	478	478	-	-	-	-	
Klemens Gottstein, Head of Paper Division	-	397	447	478	1 322	-	397	447	844	
Wolfgang Grimm, Head of Packaging Division (up to 31.03.2022)	n.a.	n.a.	n.a.	n.a.	n.a.	60	397	447	904	
Marc Haller, Head of Packaging Division (from 01.04.2022)	-	-	-	478	478	n.a.	n.a.	n.a.	n.a.	
Richard Unterhuber, CFO (up to 31.12.2021)	n.a.	n.a.	n.a.	n.a.	n.a.	250	397	447	1 094	
Alois Waldburg-Zeil, Head of Chemistry Division	400	397	447	478	1 722	400	397	447	1 244	
Total Executive Board	600	1 587	1 788	2 867	6 842	910	2 381	2 682	5 973	

¹ Including related parties, insofar as under significant influence

8. Non-operating income from asset transfer

To achieve and maintain a clear division between the operating activities and the real estate business of the CPH Group, non-operating real estate of CPH Chemie + Papier Holding AG with a carrying value of CHF 0.4 million was transferred to a Group company in the 2022 financial year via an asset transfer agreement dated 1 December 2022. The consideration consists of a receivable from the acquiring Group company. The asset transfer has no impact in personnel terms. The resulting profit from this asset transfer is reported as non-operating income.

9. Number of full-time-equivalent employees

The average number of employees (in full-time equivalents) was below ten in both the year under review and prior year.

10. Off-balance-sheet leasing obligations

As at the balance sheet date and as at the prior-year balance sheet date, there were no off-balance-sheet leasing obligations.

11. Guarantees to third parties

Total guarantees for third parties' obligations amount to CHF 30.0 million (prior year: CHF 31.5 million). Of this amount, CHF 20.0 million (prior year: CHF 21.5 million) consists of guarantees for Group companies' bank credit facilities. In addition, CPH Chemie + Papier Holding AG continues to provide (as in the prior year) a guarantee of up to CHF 10.0 million to Canton Zurich for the obligations of Zeochem AG, Rüti (Switzerland) towards the Canton regarding the lake bed clean-up in Uetikon (Switzerland) (see also Note 20, Provisions in the notes to the consolidated financial statements).

12. Contingent liabilities

Under the corresponding group taxation provisions, CPH Chemie + Papier Holding AG is jointly and severally liable for the value-added tax obligations of the CPH Group's Swiss-based member companies.

13. Events after the balance sheet date

No events occurred between the balance sheet date and 10 February 2023, the date of the approval and release for publication of these annual financial statements by the Board of Directors, which would require adjustments to the company's assets, equity and liabilities or would need to be disclosed here. These financial statements are also subject to the approval of the Annual General Meeting of 14 March 2023.

Appropriation of retained earnings

Proposal of the Board of Directors to the Annual General Meeting of 14 March 2023

in CHF thousands	2022	2021
Net result of the year	32 559	-46 579
Retained earnings carried forward from prior year	-	-
Retained earnings at the end of the year	32 559	-46 579
Dividend payment	-27 000	-7 800
Allocation to/from reserves from retained earnings	-5 559	54 379
Retained earnings to be carried forward to next year	-	-

The Board of Directors will propose to the Annual General Meeting of 14 March 2023 that a dividend of CHF 4.50 per share be distributed to shareholders and that the remaining amount from the net result for 2022 be allocated to retained earnings.

For the prior year, in accordance with the corresponding resolution of the Annual General Meeting, a dividend of CHF 1.30 per share was distributed to shareholders from retained earnings.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of CPH Chemie + Papier Holding AG (the Company), which comprise the income statement for the year ended 31 December 2022, balance sheet as at 31 December 2022 and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 83 to 88) comply with Swiss law and the company's articles of incorporation.

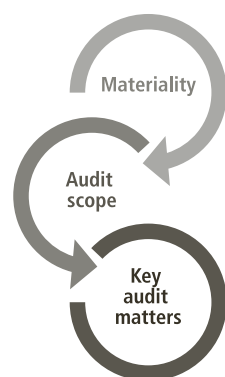
Basis for opinion

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.

Our audit approach

Overview



Overall materiality: CHF 5.0 million

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

As key audit matter the following area of focus has been identified:

Valuation of loans granted to group companies and of investments in group companies

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality CHF 5.0 million

Benchmark applied Total assets

Rationale for the materiality benchmark applied We chose total assets as the benchmark for determining materiality because it is a generally accepted benchmark for materiality considerations relating to a holding company.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of loans granted to group companies and of investments in group companies

Key audit matter

We consider the valuation of loans granted to group companies and of investments in group companies as a key audit matter. These items are disclosed on the balance sheet in the amounts of CHF 340.3 million and CHF 88.7 million, respectively.

The valuation of loans granted to group companies and of investments in group companies depends on the financial substance and profitability of the subsidiaries.

Please refer to notes 1 and 2 in the notes to the financial statements.

How our audit addressed the key audit matter

We performed the following audit procedures with regard to the valuation of loans granted to group companies and of investments in group companies:

- For significant investments in group companies and loans granted to group companies, we tested the recoverability based on the net assets valued in accordance with Swiss GAAP FER or, if necessary, on the basis of other Management assessments of net asset or capitalised earnings.
- In addition, we examined, if necessary, whether appropriate provisions for letters of subordination agreements had been recorded.

On the basis of our audit results, we consider the approach chosen by Management for assessing the valuation of loans granted to group companies and investments in group companies to be reasonable.

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, the remuneration report 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 more detailed description of our responsibilities for the audit of the financial statements can be found on the EXPERTsuisse website: <http://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 article 728a paragraph 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG



Thomas Illi
Licensed audit expert
Auditor in charge



Josef Stadelmann
Licensed audit expert

Zürich, 10 February 2023

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