Consolidated income statement

in CHF thousands	Note	2023	2022
Net sales	1, 2	**623 982**	**725 351**
Other operating income	3	13 422	21 013
Change in inventories		-7 896	18 742
Total income		**629 508**	**765 106**
Cost of materials		-303 185	-397 417
Cost of energy		-66 169	-73 243
Personnel expense	4	-102 912	-101 707
Maintenance and repairs		-22 064	-27 887
Other operating expense	5	-33 173	-33 758
Operating result before depreciation and amortization (EBITDA)		**102 005**	**131 094**
Depreciation on tangible fixed assets	14	-17 812	-16 353
Amortization of intangible assets	16	-1 390	-2 276
Operating result (EBIT)		**82 803**	**112 465**
Financial result	6	-2 821	-4 288
Ordinary result		**79 982**	**108 177**
Non-operating result	7	11 998	-8 021
Result before income taxes		**91 980**	**100 156**
Income taxes	8	-12 974	886
Net result		**79 006**	**101 042**
Thereof:			
– Shareholders of the company		78 885	100 953
– Minority shareholders		121	89
Earnings per share (in CHF)	9	**13.15**	**16.83**
Diluted earnings per share (in CHF)	9	13.15	16.83

Consolidated balance sheet

in CHF thousands	Note	31.12.2023	31.12.2022
Assets			
Cash and cash equivalents	10	107 640	143 614
Trade receivables	11	71 100	93 931
Other receivables	12	19 285	21 880
Inventories	13	102 077	113 097
Prepayments and accrued income		5 847	9 644
Total current assets		**305 949**	**382 166**
Tangible fixed assets	14	221 977	213 662
Financial assets	15	66 339	65 836
Intangible assets	16	3 926	4 527
Total fixed assets		**292 242**	**284 025**
Total assets		**598 191**	**666 191**
Equity and liabilities			
Financial liabilities	17	723	98 851
Trade payables	18	71 039	93 011
Other payables	19	7 724	6 546
Provisions	20	8 848	7 835
Accrued expenses and deferred income	21	32 278	27 229
Total current liabilities		**120 612**	**233 472**
Other liabilities		48	1 718
Provisions	20	41 260	31 434
Total non-current liabilities		**41 308**	**33 152**
Share capital	22	1 200	1 200
Capital reserves		-45	-56
Own shares	23	-408	-
Retained earnings	24	435 524	397 066
Total shareholders’ equity without minorities		**436 271**	**398 210**
Minorities		-	1 357
Total shareholders’ equity		**436 271**	**399 567**
Total liabilities and equity		**598 191**	**666 191**

Consolidated cash flow statement

in CHF thousands	Note	2023	2022
Net result		**79 006**	**101 042**
Depreciation on fixed assets	14, 16	19 202	18 629
Change in provisions	20	11 331	13 434
Result from sale of fixed assets		-18 871	-1 263
Other non-cash items		-330	-2 388
Cash flow before change in non-financial net working capital		**90 338**	**129 454**
Change in trade receivables	11	18 722	-26 720
Change in inventories	13	7 443	-27 230
Change in other receivables, prepayments and accrued income		3 263	3 525
Change in trade payables	18	-17 104	6 858
Change in other payables, accrued expenses and deferred income		7 200	11 741
Cash flow from operating activities		**109 862**	**97 628**
Capital expenditures for tangible fixed assets	14	-33 772	-32 878
Capital expenditures for intangible assets	16	-874	-1 027
Disposal of tangible fixed assets	14	19 063	4 285
Purchase of minorities	32	-2 416	-
Cash flow from investing activities		**-17 999**	**-29 620**
Free cash flow		**91 863**	**68 008**
Change in current financial liabilities	17	656	-3 200
Repayment of bond	17	-98 730	-1 270
Repayment of non-current financial liabilities	17	-	-6 505
Purchase of treasury shares	23	-588	-213
Distribution to shareholders		-27 000	-7 800
Cash flow from financing activities		**-125 662**	**-18 988**
Currency translation on cash and cash equivalents		-2 175	-490
Net change in cash and cash equivalents		**-35 974**	**48 530**
Cash and cash equivalents as at 1 January	10	143 614	95 084
Cash and cash equivalents as at 31 December	10	**107 640**	**143 614**

Consolidated statement of changes in shareholders' equity

in CHF thousands	Share capital	Capital reserves	Treasury shares	Retained earnings				Total shareholders' equity without minorities	Minorities	Total shareholders' equity
				Retained earnings, gross	Currency translation	Goodwill	Total			
Shareholders' equity as at 1 January 2022	**1 200**	**-56**	**-**	**392 596**	**-21 593**	**-63 021**	**307 982**	**309 126**	**1 368**	**310 494**
Distribution to shareholders				-7 800			-7 800	-7 800		-7 800
Net result				100 953			100 953	100 953	89	101 042
Share-based remuneration			213				-	213		213
Purchase of treasury shares			-213				-	-213		-213
Currency translation					-4 069		-4 069	-4 069	-100	-4 169
Shareholders' equity as at 31 December 2022	**1 200**	**-56**	**-**	**485 749**	**-25 662**	**-63 021**	**397 066**	**398 210**	**1 357**	**399 567**
Distribution to shareholders				-27 000			-27 000	-27 000		-27 000
Net result for the period				78 885			78 885	78 885	121	79 006
Share-based remuneration		11	180				-	191		191
Purchase of treasury shares			-588				-	-588		-588
Purchase of minorities						-1 019	-1 019	-1 019	-1 397	-2 416
Currency translation					-12 408		-12 408	-12 408	-81	-12 489
Shareholders' equity as at 31 December 2023	**1 200**	**-45**	**-408**	**537 634**	**-38 070**	**-64 040**	**435 524**	**436 271**	**-**	**436 271**

See also Note 22, Share capital, Note 23, Treasury shares and Note 24, Retained earnings.

Notes to the consolidated financial statements

Introductory information

Company information

The CPH Group is active in three industrial sectors. The Group develops, manufactures and distributes chemical products, newsprint and magazine paper and blister pack films for pharmaceutical customers. Headquartered in Switzerland, the Group maintains production facilities at eleven locations in 6 countries in Europe, Asia and North and South America. With its innovative products, the CPH Group offers its customers clear added value.

The shares of the Group's holding company CPH Chemie + Papier Holding AG are listed on the SIX Swiss Exchange.

Scope of consolidation

The scope of consolidation extends to the following controlled companies, which are all fully consolidated (changes from prior year are explained below):

	Currency	Capital in thousands	Shareholding
CPH Chemie + Papier Holding AG, Root, Switzerland	CHF	1 200	100 %
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	82 800 [2]	100 % [2]
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 %
Hotel & Gasthaus Die Perle AG, Root, Switzerland [3]	CHF	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
[2] Until 18 September 2023 92 % of CNY 90 million, see note 32 to the consolidated financial statements
[3] Founded on 6 September 2023

Accounting principles

Presentation principles

These consolidated financial statements present a true and fair view of the financial performance and positions of the CPH Group. They have been prepared in accordance with all the current guidelines set out in the Swiss GAAP FER Accounting and Reporting Recommendations. They also comply with the provisions of the Listing Rules of the SIX Swiss Exchange and the Swiss law on accounting and financial reporting. The accounting principles of the CPH Group were unchanged in 2022.

The consolidated financial statements are based on the annual financial statements of the Group companies, which are prepared using common accounting principles. The consolidated financial statements are based on the historical cost principle, and have been prepared on a going concern basis.

Consolidation principles

The consolidated financial statements consist of the annual financial statements of all the companies of the CPH Group in and outside Switzerland for which CPH Chemie + Papier Holding AG directly or indirectly controls the financial and business activity. This is generally the case with an equity holding of more than 50 %. In accordance with the full consolidation method, these companies' assets and liabilities and income and expenditures are incorporated in full. Intermediate profits from intragroup deliveries and services are eliminated.

The shares of minority shareholders in the shareholders' equity and the net results of consolidated companies are shown separately as minority interests on both the consolidated balance sheet and the consolidated income statement.

Shareholdings in associated companies are presented using the equity method. These are companies which the CPH Group does not control but on which the Group still exercises significant influence. This is generally the case when voting rights of between 20 % and 50 % are held.

Business combinations

Group companies acquired in the course of the year are consolidated as of the date of CPH's assumption of control. When a company is acquired, its net assets are determined at their current value and integrated using the purchase method. The resulting goodwill is offset against shareholders' equity.

In the case of step acquisitions of minorities, the goodwill is determined separately for each acquisition step. If the purchase price of an acquisition includes elements that are linked to future earnings, the value of these elements is estimated as accurately as possible at the time of acquisition for goodwill calculation purposes. Should there be deviations from these estimates when the final purchase price is determined, the goodwill offset against Group equity is adjusted accordingly.

Group companies disposed of in the course of the year are deconsolidated as of the date of CPH's cession of control. The cumulative goodwill relating to the business concerned is derecognized in shareholders' equity and disclosed in the income statement as part of the profit or loss on the disposal.

Foreign currency translation

The consolidated financial statements are presented in Swiss francs (CHF). The financial statements of consolidated companies which are in other currencies are translated into Swiss francs as follows:

- assets and liabilities: at the exchange rate on the balance sheet date
- shareholders' equity: at historical rates
- income statements and cash flow statements: at the average rate for the year
- movements in fixed assets and provisions: at the average rate for the year

Any differences arising from foreign currency translation are taken to shareholders' equity not affecting net income. Any translation differences arising from long-term intragroup financing of an equity nature are credited or debited to shareholders' equity. The currency translation differences shown in shareholders' equity derive from the development of shareholders' equity.

In the event of the disposal of a part of the business, the corresponding cumulative foreign currency translation differences deriving from the translation of the financial statements and from any intragroup loans with equity character are derecognized and disclosed in the income statement as part of the profit or loss on the sale.

In the individual financial statements subject to consolidation, transactions in foreign currencies are translated into the local currency at the exchange rate valid as at the time of the transaction. Assets and liabilities in foreign currencies are translated at the exchange rate valid on the balance sheet date.

Assumptions and estimates

These consolidated financial statements are based on assumptions and estimates which have an influence on the presented financial performance and positions. These assumptions and estimates have been made to the best of CPH's knowledge and on the basis of the information available at the time of compiling the statements. Actual results may deviate accordingly from the values presented. The greatest influence on the consolidated financial statements derives from estimates in the following areas:

- Impairments: All assets are subject to an assessment on the balance sheet date of whether any indications exist that the carrying value of the asset concerned exceeds its recoverable amount. The recoverable amount is the higher of the asset's net selling price and its value in use. If an impairment is required, the asset's carrying value is reduced to its recoverable amount, with the impairment amount charged to the result for the period concerned.
- Income taxes: The calculations of current tax liabilities are subject to the interpretation of the tax laws in the countries concerned. The applicability of these is largely retroactively assessed for multiple financial years in the light of definitive assessments and of company audits by the tax authorities.
- Provisions: Provisions are made for liabilities whose amount is uncertain. In view of this, such provisions may have to be adjusted in the light of future events, with a corresponding impact on the income statement.

Subtotals

These consolidated financial statements include subtotals (or alternative performance indicators) which are not prescribed or defined by Swiss GAAP FER. Such subtotals are used by management to steer and control the Group's business divisions and to enhance the informative value of these consolidated financial statements. Such subtotals include:

- Total income: Total income, which is shown in the consolidated income statement, is the total of net sales, other operating income and change in inventories.
- EBITDA (earnings before interest, taxes, depreciation and amortization): EBITDA, which is shown in the consolidated income statement, is the total of earnings before interest and taxes (EBIT) plus depreciation and amortization on fixed assets and any impairments thereto.

– Cash flow before change in non-financial net working capital: This amount, which is shown in the consolidated cash flow statement, is the total of the cash flows from operating activities plus changes in non-financial net working capital.
– Free cash flow: This amount, which is shown in the consolidated cash flow statement, is the total of the cash flows from operating and from investing activities.

Capitalization and valuation principles

Net sales

Net sales comprise the sales of products and services resulting from ordinary business activities. A sale is recorded when it is likely that its economic benefit will accrue to the CPH Group and its amount can be reliably calculated.

The sale is regarded as realized with the transfer to the customer of the benefit and the risks concerned. Silicate chemistry products, newsprint, magazine paper and coated pharmaceutical packaging films are the Group's main sales generators; sales from its services are negligible. Net sales are sales less such deductions as price reductions, rebates, discounts, special distribution charges, value-added tax and bad-debt losses.

Change in inventories

This item comprises the changes to the inventories of semi-finished and finished products.

Other operating income

The operating income shown under this item derives mainly from energy sales, from sales of carbon credits, from sales of reusable materials and from leases and rentals of business premises.

Cost of materials

This item comprises all the costs of raw, auxiliary and operating materials, the cost of merchandise and the expenses incurred through the external manufacture or processing of the Group's own products (third-party services).

Cost of energy

Cost of energy includes the costs of electricity and steam obtained from external suppliers, heating oil, natural gas, water and fuelwood.

Personnel expense

Personnel expense comprises all the amounts paid to employees employed under the labour law for the work they perform. It also includes all compulsory and voluntary social security contributions, including company pension scheme premiums and contributions. It further includes other personnel expense such as the costs of temporary personnel, recruitment, initial and further training and the reimbursement of expenses incurred in connection with professional training.

Occupational pensions

The CPH Group maintains various occupational pension schemes and plans which are each aligned to the local requirements and conditions in the countries concerned. These occupational pension schemes are legally autonomous, and are financed by contributions from employers and employees. The occupational pension benefit obligations of the Group companies in respect of old age, death or disability are aligned to the local provisions and practices in the countries concerned. The Group's most significant companies are located in Switzerland, where occupational pension provision is grouped within an independent foundation.

The actual economic impact of these plans on the CPH Group is calculated as of the balance sheet date. The determination of any funding surplus or funding shortfall is based on annual financial statements compiled for each scheme in accordance with Swiss GAAP FER 26 for Swiss-domiciled companies, and on the corresponding local provisions for Group companies domiciled outside Switzerland. Economic benefit is capitalized – if such action is permissible and intended – for use in future pension scheme contributions from the CPH Group. Economic obligations are recognized as liabilities if the requirements for the creation of a provision are met. Freely disposable employer contribution reserves are capitalized.

Share-based compensation

Share-based compensation is valued at the share price applicable as at the date the shares are allocated and is recorded under both shareholders' equity (deduction from own shares held) and personnel expense. The difference between the share price as at the date of allocation and the purchase price of the own shares is disclosed in the capital reserves.

Research and development

Research costs are recognized in the income statement as they occur. Development costs are capitalized as intangible assets only to the extent that the amount capitalized is covered by expected future income. All other development costs are recognized in the income statement as they occur.

Maintenance and repairs

This item comprises expenditure on maintenance, repairs and servicing (including the materials required) which are performed by third parties and are not capitalized as value-adding fixed assets. It also includes the cost of materials used in maintenance and repairs performed by the Group's own personnel.

Other operating expense

This item consists of sales and administration costs and other operating expenses.

Non-operating result

The non-operating result includes any income or expenses deriving from sources that are clearly separate from operating activities.

Extraordinary result

The extraordinary result includes any income or expenses that arise from business transactions which clearly deviate from ordinary business operations.

Income taxes

Income tax expense comprises all the income taxes levied on the taxable profit of the CPH Group. Provisions are made for all current income tax liabilities under accrued liabilities. Deferred income taxes are recognized for differences in valuation between the assets and liabilities valued on the consolidated balance sheet using standard groupwide guidelines and the taxable values thereof. The deferred income taxes on these valuation differences are calculated at the local tax rates which are expected to apply. In the event of any change to these tax rates or to the valuation differences, these deferred tax amounts are adjusted accordingly via the income statement. Deferred tax liabilities are disclosed under provisions, while deferred tax assets are disclosed under financial assets. Any adjustments to deferred income taxes are booked to deferred income tax expense.

Provisions are only made for taxes (withholding taxes in particular) levied on distributions of retained earnings (primarily of Group companies) if the distribution of such retained earnings is considered likely.

Deferred income taxes on temporary differences may only be recognized if they are likely to be fiscally offset through future profits. Deferred taxes on losses carried forward are not capitalized.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, postal and bank account balances and call and term deposits with a residual term to maturity of 90 days or less. They are measured at nominal value.

Trade receivables

Trade receivables consist of amounts due for deliveries made and services rendered which have been invoiced but for which payment has not yet been received. They are stated at nominal value less any necessary individual value adjustments. Necessary value adjustments are determined on the basis of the maturity structure and identifiable credit risk.

Other receivables

Other receivables consist of short-term claims that are not based on deliveries made and/or services rendered. Other receivables are stated at their nominal value, less any necessary value adjustments.

Inventories

Inventories are stated at the lower of their average purchase price or production cost, but at no higher than their net realizable value. Any discounts received on purchases are treated as purchase price reductions. In addition to their direct material and personnel costs, the production costs of semi-finished and finished inventories include a proportion of their production overheads. Appropriate value adjustments are effected for obsolete stock with due regard to identifiable risks.

Prepayments and accrued income

This item consists of expenses paid in the current accounting period that will be charged in a later accounting period, and of income earned in the period but not accounted for and collected until after the balance sheet date.

Tangible fixed assets

Tangible fixed assets (including those held solely for investment purposes) are capitalized at their purchase price less necessary depreciation and/or impairments. All depreciation is effected using the straight-line method over the asset's useful life. Maintenance and repair expense is charged directly to the income statement. Extensive overhauls of fixed assets are capitalized if they result in measurable added value in the form of higher performance or an extended useful life.

The useful lives assumed for depreciation purposes are as follows:

- Land: not depreciated
- Land use rights: duration of right of use
- Residential property: 50–100 years
- Office buildings: 33–66 years
- Industrial buildings and infrastructure: 25–50 years
- Installations in rented premises: length of rental agreement
- Installations, production plant and machinery: 5–30 years
- IT hardware: 3–8 years
- Other tangible fixed assets: 5–15 years

Financial assets

Financial assets may consist of minority shareholdings, employer's contribution reserves for occupational pension schemes, economic benefit from occupational pension schemes, deferred income tax assets and/or interest-bearing or non-interest-bearing non-current receivables.

Minority shareholdings in companies over which the CPH Group does not exercise substantial influence (which is generally the case with a voting share of less than 20 %) are capitalized at their purchase price less any necessary value adjustments.

Employer's contribution reserves without waiver of use are capitalized at their nominal value. Any changes in them are recognized in the income statement as personnel expense.

Economic interests in occupational pension schemes are capitalized to the extent that these may be used for the company's future occupational pension scheme payment obligations. Any changes in them are recognized in the income statement as personnel expense.

Interest-bearing and non-interest-bearing non-current financial receivables are recorded at their nominal value less any necessary individual value adjustments.

Intangible assets

Intangible assets include software, capitalized development costs, licences, patents and brands. These are valued at their purchase price or manufacturing cost less any amortization required. Amortization is effected on a straight-line basis over the item's useful life, up to a maximum five-year period.

Intangible assets also include the carbon credits issued free of charge by the Swiss Federal Office for the Environment, which are initially capitalized at their zero acquisition price. Carbon credits are derecognized upon their use or sale. Any income from such sales is disclosed under other operating income.

Impairment of assets

All assets are assessed for any impairment in value as at the balance sheet date. This assessment is based on any events and/or indications which suggest that an asset may have been impaired.

If the asset's book value exceeds its realizable value (i.e. the higher of its net market value and its value in use), a corresponding impairment will be effected, with the impairment loss recognized in the income statement. If the factors previously considered in the calculations of an asset's realizable value have significantly improved, an impairment effected in an earlier accounting period will subsequently be partially or wholly reversed.

Financial liabilities

Financial liabilities consist of interest-bearing liabilities, particularly due to banks, bondholders and lessors (via financial leases). They are stated at their nominal value. Financial liabilities maturing in one year or less are recognized as current financial liabilities; financial liabilities maturing in more than one year are recognized as non-current financial liabilities.

Trade payables

Trade payables include all non-interest-bearing current liabilities resulting from ordinary business activities. They are recorded at their nominal value.

Other payables

Other payables are liabilities that are not classified as trade payables or as financial liabilities. They are measured at their nominal value. Other payables are presented under current or non-current liabilities, depending on their maturity.

Provisions

Provisions are effected for future liabilities that are likely to arise from an event in the past (i.e. before the balance sheet date) whose amount and/or due date is uncertain but may be estimated. All provisions made are reappraised on every balance sheet date. Any release of provisions is effected via the same position on the income statement through which the provision was originally effected. A distinction is made between current provisions (for obligations likely to be due within one year) and non-current provisions (for obligations likely to be due later than this).

Accrued liabilities and deferred income

This item consists of liabilities incurred before the balance sheet date that will not be due for payment until a later accounting period as well as income accrued before the balance sheet date for a product or service to be provided in a later accounting period.

Shareholders' equity

Shareholders' equity consists of share capital, capital reserves, own shares, retained earnings and minorities. The nominal value of the company's share capital is disclosed as share capital.

The net result is credited to retained earnings. Dividend payments are deducted from retained earnings. The differences deriving from currency translations for Group companies are credited to or debited from retained earnings. The goodwill deriving from acquisitions is offset against retained earnings at the time of acquisition, while any negative goodwill is credited to retained earnings.

All other changes in capital are offset against capital reserves.

Treasury shares

Treasury shares are shown at their original purchase price. Treasury shares held are presented as a negative item in shareholders' equity. Treasury shares are not revalued following their initial valuation. If they are later sold, the resulting profit or loss is credited to or debited from the capital reserves.

Goodwill

Goodwill deriving from acquisitions is offset against retained earnings at the time of acquisition. In the event of the subsequent disposal or closure of a part of the business concerned, any associated goodwill previously offset against shareholders' equity is derecognized and is disclosed in the income statement as part of the profit or loss from the sale.

The impact of any theoretical capitalization and amortization is shown in the notes. For theoretical accounting purposes, goodwill is generally written down over its useful economic life (typically five years). Impairments are effected if required.

Leases

A finance lease is deemed to exist if the lessor transfers the benefit of ownership of the leased item and the key risks associated with it to the lessee. The leased item is capitalized at the start of the leasing period as both a fixed asset and a liability, at the lower of its current market value or the net cash value of the future leasing instalments. Each leasing instalment is divided into a financing expense and a repayment amount to produce a constant interest rate for the resulting financial liability. Financing costs are recognized directly in the income statement, where they are shown as interest expense in the financial result. Capitalized leasing items are depreciated over the shorter of their estimated service life or the lease's duration.

An operating lease is deemed to exist if a large part of the risks associated with ownership of the leased item remains with the lessor. Operating lease payments are recognized in the income statement as a constant other operating expense over the lease's duration.

Derivative financial instruments

Derivative financial instruments intended as hedges of future cash flows are not capitalized, but are disclosed in the notes to the consolidated financial statements. Derivative financial instruments intended as hedges of balance sheet items are subject to the same valuation principles as the underlying hedged item. Changes in their value since the previous valuation are recorded in the result for the period. Derivative financial instruments intended for trading purposes are recorded at their market value. Changes in such market value since the previous valuation are recorded in the financial result.

Notes to the consolidated income statement

1. Segment information

	Chemistry		Paper		Packaging		Other/ Consolidation		CPH Group	
in CHF thousands	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Net sales	**124 169**	**110 257**	**262 482**	**384 478**	**237 331**	**230 616**	**-**	**-**	**623 982**	**725 351**
EBITDA	**22 060**	**19 141**	**36 573**	**80 570**	**42 861**	**31 360**	**511**	**23**	**102 005**	**131 094**
EBITDA margin	17.8 %	17.4 %	13.9 %	21.0 %	18.1 %	13.6 %			16.3 %	18.1 %
EBIT	**15 762**	**13 811**	**30 538**	**75 095**	**36 106**	**23 668**	**397**	**-109**	**82 803**	**112 465**
EBIT margin	12.7 %	12.5 %	11.6 %	19.5 %	15.2 %	10.3 %			13.3 %	15.5 %

2. Net sales by region

in CHF thousands	2023	%	2022	%
Switzerland	66 539	10.7 %	84 910	11.7 %
Rest of Europe	381 872	61.2 %	471 576	65.0 %
Americas	101 335	16.2 %	102 130	14.1 %
Asia	60 309	9.7 %	47 732	6.6 %
Rest of the world	13 927	2.2 %	19 003	2.6 %
Total net sales	**623 982**	**100.0 %**	**725 351**	**100.0 %**

In the reporting year, net sales were CHF 101.4 million below their prior-year level, despite new record figures in the Chemicals and Packaging divisions, owing in particular to the steep decline in demand for the Paper Division’s products. This corresponds to a decrease of 14.0 % (or -10.4 % at constant currency).

3. Other operating income

The other operating income of CHF 13.4 million (prior year: CHF 21.0 million) includes income from the sale of energy, recyclable materials and carbon credits, rental income, own work capitalized and various further operating income.

4. Personnel expense

in CHF thousands	Note	2023	2022
Salaries and wages		84 882	83 082
Pension benefit expense	25	5 144	5 894
Other social security charges		9 783	10 229
Other personnel expense		3 103	2 502
Total personnel expense		**102 912**	**101 707**

Personnel expense increased by CHF 1.2 million or 1.2 % in the year under review. Total headcount increased by 14 full-time equivalents (+1.2 %), driven by the high utilization of production facilities and the capacity expansions in the Chemistry and Packaging divisions.

5. Other operating expense

The other operating expense of CHF 33.2 million (prior year: CHF 33.8 million) includes sales and administrative costs and various other operating expenses.

6. Financial result

in CHF thousands	2023	2022
Interest income	937	67
Interest expense	-1 389	-2 335
Currency result	-2 165	-1 489
Other financial income	286	74
Other financial expense	-490	-605
Total financial result	**-2 821**	**-4 288**
Thereof:		
– Financial income	1 223	141
– Financial expense	-4 044	-4 429

Interest expense includes the CHF 1.3 million (prior year: CHF 2.0 million) interest paid on the outstanding CHF 100 million corporate bond, which was repaid from the company's own cash on its maturity on 12 October 2023 (see also Note 17, Financial liabilities).The 'Bond' line item for 2022 comprises the unsecured CHF 100 million 2 % corporate bond which matured on 12 October 2023.

7. Non-operating result

in CHF thousands	2023	2022
Non-operating income	18 871	1 835
Non-operating expense	-6 873	-9 856
Total non-operating result	**11 998**	**-8 021**

The non-operating result consists of expenditure on and income from the disposal and rental of former production sites in Uetikon am See (Switzerland) and Full-Reuenthal (Switzerland) and real estate in Buchrain (Switzerland). The non-operating income derived primarily from the sale of industrial land at the Full-Reuenthal former production site. The non-operating expense includes, amon others, an increase in environmental provisions (see also Note 20, Provisions).

8. Income taxes

in CHF thousands	2023	2022
Current income taxes	6 573	4 047
Deferred income taxes	6 401	-4 933
Total income taxes	**12 974**	**-886**

in CHF thousands	2023	2022
Result before income taxes	**91 980**	**100 156**
Expected income tax expense	14 188	13 897
Expected income tax rate	15.4 %	13.9 %
Use of not capitalized tax loss carry forwards	-5 229	-15 677
Tax loss carry forwards not capitalized	1 002	327
Income tax expense from earlier periods	2 347	12
Non-taxable income/non-deductible expenses	93	586
Effect of changes in tax rate	343	-
Various	230	-31
Total income tax	**12 974**	**-886**
Effective income tax rate	14.1 %	-0.9 %

The CPH Group's expected income tax rate for the year under review amounted to 15.4 % (prior year: 13.9 %). This is the weighted average tax rate based on the results before taxes and individual tax rates for each Group company in the year under review. The change in the expected income tax rate is due to the profit/loss situation and to changes in the tax rates at the various Group companies.

The difference between the expected income tax expense and the income tax expense disclosed in the income statement is largely attributable in both the year under review and the prior year to the use of non-capitalized tax loss carry forwards (see also Note 15, Financial assets).

The calculation of deferred income taxes was based on expected local tax rates at individual Group companies, which averaged 13.0 % (prior year: 13.3 %).

Non-capitalized tax loss carry forwards decreased in the year under review from CHF 13.3 million to CHF 7.4 million, primarily due to their use. Of these, CHF 0.2 million expire within a year (prior year: CHF 1.4 million) and CHF 0.0 million are of indefinite duration (prior year: CHF 0.1 million).

9. Earnings per share

Earnings per share are calculated by dividing the net result for the year less the portion thereof attributable to minority shareholders by the average number of company shares held during the year (excluding treasury shares; see also Note 23, Treasury shares). The average number of such shares held in 2023 amounted to 5 998 512 (prior year: 5 999 868). On the basis of a net result attributable to shareholders of the company of CHF 78.9 million (prior year: CHF 101.0 million), this produces earnings per share of CHF 13.15 (prior year: CHF 16.83). Since the company has not issued any share options or convertible bonds, diluted earnings per share are identical to the earnings per share result.

Notes to the consolidated balance sheet

10. Cash and cash equivalents

Cash and cash equivalents decreased by CHF 36.0 million to CHF 107.6 million in the year under review as a result of the free cash flow and following the repayment of the outstanding corporate bond and the dividend distribution.

11. Trade receivables

in CHF thousands	31.12.2023	31.12.2022
Trade receivables, gross	72 620	101 245
Valuation allowance	-1 520	-7 314
Total trade receivables	**71 100**	**93 931**

Gross trade receivables decreased by a substantial CHF 28.6 million in the year under review as a consequence of the lower net sales. The valuation allowance for doubtful receivables decreased by CHF 5.8 million as a result of the derecognition of long-standing receivables which are definitively no longer recoverable.

12. Other receivables

This position includes the current portion of the remaining receivable from Canton Zurich for the sale of the former production site in Uetikon am See (Switzerland) which the canton has retained as security in respect of the portion of the costs of cleaning up the adjacent bed of Lake Zurich that is to be borne by the CPH Group. This remaining receivable is reduced by the expenditure on the lake bed clean-up that is to be borne by the CPH Group, charged to the established provisions and paid by Canton Zurich (see also Note 15, Financial assets and Note 20, Provisions).

In the year under review, other receivables decreased by CHF 2.6 million from their prior-year level.

13. Inventories

in CHF thousands	31.12.2023	31.12.2022
Raw materials	23 919	28 569
Semi-finished and finished goods	66 970	74 160
Supplies and spare parts	16 644	16 538
Valuation allowance	-5 456	-6 170
Total inventories	**102 077**	**113 097**

Inventories were CHF 11.0 million lower in the year under review than their prior-year level, owing primarily to declines in materials costs.

14. Tangible fixed assets

in CHF thousands	Undeveloped property	Land and buildings	Machines and equipment	Other tangible fixed assets	Tangible fixed assets under construction	Total tangible fixed assets
Acquisition cost as at 1 January 2022	**6 979**	**334 645**	**710 608**	**349 699**	**18 393**	**1 420 324**
Additions	-	1 131	12 102	4 326	19 485	37 044
Disposals	-	-133	-3 076	-1 079	-	-4 288
Reclassification	-	5 283	8 588	1 239	-15 110	-
Currency translation	-111	-1 706	-2 850	-452	74	-5 045
Acquisition cost as at 31 December 2022	**6 868**	**339 220**	**725 372**	**353 733**	**22 842**	**1 448 035**
Additions	-	147	10 512	3 333	18 807	32 799
Disposals	-	-330	-4 814	-1 358	-	-6 502
Reclassification	-	2 739	16 871	604	-20 214	-
Currency translation	-162	-4 204	-9 316	-1 122	-574	-15 378
Acquisition cost as at 31 December 2023	**6 706**	**337 572**	**738 625**	**355 190**	**20 861**	**1 458 954**
Cumulative depreciation and impairment as at 1 January 2022	**-158**	**-265 617**	**-639 162**	**-318 913**	**-**	**-1 223 850**
Depreciation	-32	-2 657	-9 909	-3 755	-	-16 353
Disposals	-	85	2 497	1 030	-	3 612
Reclassification	-	-	2	-2	-	-
Currency translation	13	378	1 548	279	-	2 218
Cumulative depreciation and impairment as at 31 December 2022	**-177**	**-267 811**	**-645 024**	**-321 361**	**-**	**-1 234 373**
Depreciation	-28	-2 637	-11 210	-3 937	-	-17 812
Disposals	-	242	4 714	1 354	-	6 310
Currency translation	20	1 733	6 359	786	-	8 898
Cumulative depreciation and impairment as at 31 December 2023	**-185**	**-268 473**	**-645 161**	**-323 158**	**-**	**-1 236 977**
Carrying value as at 1 January 2022	6 821	69 028	71 446	30 786	18 393	196 474
Carrying value as at 31 December 2022	6 691	71 409	80 348	32 372	22 842	213 662
Carrying value as at 31 December 2023	**6 521**	**69 099**	**93 464**	**32 032**	**20 861**	**221 977**

The Chemistry Division invested in various expansion projects at its Rüti ZH (Switzerland), Louisville (USA) and Lianyungang (China) operating sites in 2023. The Paper Division invested in maintaining and further improving the efficiency of its production facilities. The Packaging Division invested primarily in increasing manufacturing capacities and enhancing production efficiencies at its Perlen (Switzerland), Müllheim (Germany) and Anápolis (Brazil) sites.

The carrying value of tangible fixed assets includes CHF 8.0 million of assets held solely for investment purposes (prior year: CHF 8.1 million) and land use rights of CHF 1.7 million (prior year: CHF 2.0 million). The carrying value of leased tangible fixed assets (finance leases) amounts to CHF 0.0 million (prior year: CHF 0.1 million). These consist in particular of company cars, forklifts and other fixed assets (see also Note 17, Financial liabilities).

15. Financial assets

in CHF thousands	Note	31.12.2023	31.12.2022
Minority interests in companies		10 000	10 000
Employer contribution reserves	25	11 072	10 961
Economic share from patronage fund	25	13 843	13 197
Deferred tax assets	8	15 103	16 582
Non-interest bearing receivables		16 321	15 096
Total financial assets		**66 339**	**65 836**

'Minority interests in companies' includes a 10 % equity holding in Renergia Zentralschweiz AG, Root (Switzerland). The company operates a waste incineration facility on land purchased from the CPH Group and supplies the Paper Division with around 60 % of its steam needs in the form of carbon dioxide-free low-pressure steam.

'Deferred tax assets' considers the impact in tax terms of valuation differences between the values stated on the consolidated balance sheet and the corresponding values applicable under fiscal law. These have largely arisen as a result of intragroup real estate transactions, for which use has been made of existing tax loss carry forwards.

'Non-interest bearing receivables' includes the non-current portion of the remaining receivable from Canton Zurich for the sale of the former production site in Uetikon am See (Switzerland) which the canton has retained as security in respect of the portion of the costs of cleaning up the adjacent bed of Lake Zurich that is to be borne by the CPH Group. This remaining receivable is reduced by the expenditure on the lake bed clean-up that is to be borne by the CPH Group from the established provisions and paid by Canton Zurich (see also Note 12, Other receivables and Note 20, Provisions).

16. Intangible assets

in CHF thousands	Software	Other intangible assets	Total intangible assets
Acquisition cost as at 1 January 2022	**16 130**	**2 119**	**18 249**
Additions	1 012	15	1 027
Disposals	-111	-946	-1 057
Currency translation	-143	-55	-198
Acquisition cost as at 31 December 2022	**16 888**	**1 133**	**18 021**
Additions	874	-	874
Disposals	-2	-357	-359
Currency translation	-196	-88	-284
Acquisition cost as at 31 December 2023	**17 564**	**688**	**18 252**
Cumulative amortization as at 1 January 2022	**-11 943**	**-471**	**-12 414**
Amortization	-1 314	-962	-2 276
Disposals	111	946	1 057
Currency translation	133	6	139
Cumulative amortization as at 31 December 2022	**-13 013**	**-481**	**-13 494**
Amortization	-1 375	-15	-1 390
Disposals	2	357	359
Currency translation	180	19	199
Cumulative amortization as at 31 December 2023	**-14 206**	**-120**	**-14 326**
Carrying value as at 1 January 2022	4 187	1 648	5 835
Carrying value as at 31 December 2022	3 875	652	4 527
Carrying value as at 31 December 2023	**3 358**	**568**	**3 926**

'Additions' consist primarily of investments in software systems used in business operations.

As at the end of the previous year, other intangible assets include 98 000 carbon credits intended for sale. 96 000 such credits for 2021 were issued to the Paper Division by the Swiss Federal Office for the Environment in 2022. No such credits were issued in 2023. Some 140 000 such credits are expected to be issued for the 2022 and 2023 business years. These carbon credits are recognized at their zero acquisition cost. No income was earned from the sale of carbon credits in 2023 or 2022.

Goodwill deriving from acquisitions is offset directly against retained earnings in shareholders' equity (see also Note 24, Retained earnings).

17. Financial liabilities

in CHF thousands	31.12.2023	31.12.2022
Bond	-	98 730
Financial leasing	-	102
Other current financial liabilities	723	19
Total current financial liabilities	**723**	**98 851**

The 'Bond' line item for 2022 comprises the unsecured CHF 100 million 2 % corporate bond which matured on 12 October 2023. The outstanding portion thereof was repaid from the company's own cash on its maturity on 12 October 2023.

18. Trade payables

Trade payables decreased by CHF 22.0 million in 2023, owing largely to lower materials and energy prices and the reduced production volumes of the Paper Division.

19. Other payables

Other payables increased by CHF 1.2 million (see also Note 25, Occupational pensions).

20. Provisions

in CHF thousands	Environment	Major repairs	Deferred income taxes	Other provisions	Total provisions
Provisions as at 1 January 2022	**19 226**	**3 702**	**7 234**	**1 331**	**31 493**
Addition	9 582	4 742	20	1 388	15 732
Utilization	-5 575	-	-	-620	-6 195
Release	-	-	-1 421	-257	-1 678
Currency translation	-	-	-66	-17	-83
Provisions as at 31 December 2022	**23 233**	**8 444**	**5 767**	**1 825**	**39 269**
Addition	3 124	542	5 639	3 554	12 859
Utilization	-293	-	-	-1 250	-1 543
Release	-	-	-88	-190	-278
Currency translation	-	-	-176	-23	-199
Provisions as at 31 December 2023	**26 064**	**8 986**	**11 142**	**3 916**	**50 108**
Thereof:					
– current	5 085	-	-	3 763	8 848
– non-current	20 979	8 986	11 142	153	41 260

Environmental provisions relate to the environmental protection measures required at former Chemistry Division production sites. These include the lake bed clean-up in Uetikon am See (Switzerland), the former production site in Full-Reuenthal (Switzerland) and obligations associated with various waste disposal sites. The lake bed clean-up began in 2022 and should be completed in two to three years. It is being conducted in close collaboration with Canton Zurich, which is serving as the project leader with the CPH Group represented in the project management group. 80 % of the costs of the clean-up are to be borne by the CPH Group and 20 % by Canton Zurich. The work is being financed with the funds generated by the sale of the Uetikon site to Canton Zurich in 2016. The costs involved are not cash-relevant, and reduce both the provisions effected for the work and the remaining receivable from Canton Zurich (see also Note 12, Other receivables and Note 15, Financial assets).

The provisions for major repairs relate to the renovation work needed on the weir in Perlen (Switzerland) under the concession requirements of Canton Lucerne. The related project planning is well advanced, and the work should be performed in the next few years.

For the provisions for deferred income taxes, please see Note 8, Income taxes. Other provisions include claims for customer complaints.

The provision amounts were reviewed as of the balance sheet date and adjusted in line with the latest estimates and assessments. New findings on the scope and the costs of the actions needed – in the light of the requirements of the authorities, work progress to date and inflation-based increases in construction costs – entailed an increase in the provision amounts (see also Note 7, Non-operating result).

21. Accrued expenses and deferred income

in CHF thousands	31.12.2023	31.12.2022
Personnel expense	8 257	7 782
Commissions	2 974	3 250
Income taxes	3 057	1 863
Other accrued expenses and deferred income	17 990	14 334
Total accrued expenses and deferred income	**32 278**	**27 229**

22. 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).

23. Treasury shares

Number of shares	2023	2022
Treasury shares as at 1 January	-	-
Purchases	6 863	3 345
Share-based remuneration	-2 033	-3 345
Treasury shares as at 31 December	**4 830**	-

A total of 6 863 (prior year: 3 345) treasury shares were purchased in 2023 at an average purchase price of CHF 85.54 (prior year: CHF 63.62) per share. No such shares were sold in either the year under review or the prior year. A total of 2 033 (prior year: 3 345) shares with a vesting period of three years (with no further performance, profit or other vesting conditions) were definitively awarded in the form of share-based remuneration. The resulting personnel expense at a share price on assignment of CHF 88.54 (prior year: CHF 62.78) per share amounted to CHF 0.2 million (prior year: CHF 0.2 million).

24. Retained earnings

The non-distributable retained earnings of the CPH Group amounted to CHF 17.2 million at the end of 2022 (prior year: CHF 17.2 million).

Goodwill arising from acquisitions is offset against retained earnings in shareholders' equity at the time of the acquisition. The impact of a theoretical capitalization of goodwill, applying a five-year useful life, on the consolidated balance sheet and income statement is shown below:

in CHF thousands	Note	2023	2022
Goodwill at cost at 1 January		63 021	63 021
Additions	32	1 019	-
Goodwill at cost at 31 December		**64 040**	**63 021**
Accumulated amortization and impairment at 1 January		-61 921	-61 032
Theoretical goodwill amortization		-637	-889
Accumulated amortization and impairment at 31 December		**-62 558**	**-61 921**
Theoretical carrying value at 1 January		1 100	1 989
Theoretical carrying value at 31 December		**1 482**	**1 100**

in CHF thousands	2023	2022
Net result	79 006	101 042
Theoretical goodwill amortization	-637	-889
Theoretical net result	**78 369**	**100 153**

in CHF thousands	31.12.2023	31.12.2022
Shareholders' equity	436 271	399 567
Theoretical carrying value of goodwill	1 482	1 100
Theoretical shareholders' equity	**437 753**	**400 667**

25. Occupational pensions

The CPH Group has various pension schemes in place, which are each aligned to local conditions and requirements in the countries concerned. The table below offers an overview of the funding surplus or deficit and the economic shares attributable to the employer:

	Pension plans with surplus		Patronage fund		Pension plans with deficit		Pension plans without surplus/ deficit		Total occupational pensions	
in CHF thousands	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Surplus/deficit as at 31 December	3 477	169	13 843	13 197	-1 321	-1 562	-	-	15 999	11 804
Economic share as at 31 December	**-**	**-**	**13 843**	**13 197**	**-1 321**	**-1 562**	**-**	**-**	**12 522**	**11 635**
Change of economic share	-	-	-646	-330	-241	206	-	-	-887	-124
Accrued contributions	5 044	4 675	-	-	152	407	946	596	6 142	5 678
Result from employer contribution reserve	-111	340	-	-	-	-	-	-	-111	340
Pension benefit expense	**4 933**	**5 015**	**-646**	**-330**	**-89**	**613**	**946**	**596**	**5 144**	**5 894**

'Pension plans with surplus' refers to the CPH Group Pension Scheme, which is domiciled in Root (Switzerland). This is a legally autonomous foundation with a board of trustees on which employer and employees are equally represented. The CPH Group Pension Scheme meets the occupational pension provision needs of the Group's Swiss-based companies under its own responsibility on a defined contribution basis. The benefits are determined on the basis of the existing retirement assets. They therefore depend on the contributions paid, the vested benefits contributed and the purchases, in each case including interest. The scheme is funded by statutorily prescribed employer's and employees' contributions. The existence of any funding surplus or deficit is determined on the basis of the scheme's annual financial statements (after deduction of fluctuation reserves), which are compiled in accordance with Swiss GAAP FER 26. At the end of 2023 the scheme showed a funding surplus of CHF 3.5 million (prior year: CHF 0.2 million). This surplus is available in full to the scheme's beneficiaries, which is why no economic share is capitalized.

The 'Patronage fund' refers to the Perlen Group Assistance Fund, which is domiciled in Buchrain (Switzerland). The fund provides pension benefits for employees and financial assistance for employees and their families in hardship situations. The fund can also be used to finance the employer's contributions to the occupational pension schemes of the Group's Swiss-based companies. The existence of any funding surplus or deficit is determined on the basis of the fund's annual financial statements (after deduction of fluctuation reserves), which are compiled in accordance with Swiss GAAP FER 26. At the end of 2023 the fund showed a funding surplus of CHF 13.8 million (prior year: CHF 13.2 million). This surplus is available in full to the employer, which is why the corresponding amount is capitalized as an economic share under financial assets.

'Pension plans with deficit' refers to the defined-benefits pension scheme in the USA which has been frozen since the end of 2015. The associated pension obligations have not increased since 2015, and no new beneficiaries are being admitted to the scheme. The scheme should be liquidated in 2024. The funding deficit of CHF 1.3 million, determined using the current liability method, is an economic liability of the CPH Group, and is recognized under current liabilities (prior year: funding deficit of CHF 1.6 million, recognized under other non-current liabilities).

'Pension plans without surplus/deficit' includes a defined-contribution 401(k) pension plan in the USA and other non-material pension plans in other countries. Such plans have neither a funding surplus nor a funding deficit, so no economic shares are recognized on the balance sheet.

The CPH Group had accumulated an employer contribution reserve in previous years. This developed as follows in 2022:

in CHF thousands	2023	2022
Nominal value as at 31 December	11 072	10 961
Waiver of use as at 31 December	-	-
Addition	-	-
Carrying value as at 31 December	**11 072**	**10 961**
Result from employer contribution reserve	**111**	**-340**

26. Pledged assets

in CHF thousands	31.12.2023	31.12.2022
Cash and cash equivalents	1 132	1 735
Land and buildings	2 341	2 821
Inventories	**3 473**	**4 556**

27. Derivative financial instruments

in CHF thousands	31.12.2023	31.12.2022
Foreign exchange forwards		
Contract value	**136 721**	**159 816**
Positive replacement value[1]	4 804	2 935
Negative replacement value[1]	-	825
Foreign exchange options		
Contract value	**30 312**	**-**
Positive replacement value[1]	48	-
Negative replacement value[1]	-	-

[1] Not recognized in the balance sheet

The open currency hedging contracts are hedges on future cash flows, primarily in EUR and USD. No derivative financial instruments held to hedge balance sheet items or for trading purposes are recognized.

28. Non-capitalized operating lease liabilities

in CHF thousands	31.12.2023	31.12.2022
Due within 1 year	2 480	2 052
Due within 2 to 5 years	5 244	4 564
Due after more than 5 years	480	759
Total operating leases	**8 204**	**7 375**

The non-capitalized operating lease liabilities relate primarily to premises rentals and vehicles.

29. Sureties and guarantee obligations

As in the prior year, there were no off-balance-sheet sureties or guarantee obligations towards third parties at the end of the year under review.

30. Purchase obligations

Off-balance-sheet purchase obligations not terminable within one year for the acquisition of fixed assets, materials and energy totalled CHF 130.5 million at the end of the year under review (prior year: CHF 113.6 million).

31. Transactions with related parties

The following transactions were effected for services rendered with related companies of the CPH Group and members of its Board of Directors:

in CHF thousands	2023	2022
Weber Schaub & Partner AG (Peter Schaub)	54	42
Niederer Kraft Frey AG (Manuel Werder)	60	79
Single Group GmbH (Tim Talaat)	39	-
UBV Immobilien Treuhand AG (Peter Schaub, Manuel Werder, Tim Talaat)	10	31
Total transactions with related parties	**163**	**152**
Total liabilites to related parties as at 31 December	**29**	**42**

As in the prior year, no loans or credits were granted to related parties in the year under review.

32. Purchase of minorities

CPH Chemie + Papier Holding AG acquired the remaining 8 % shareholding in Jiangsu Zeochem Technology Co. Ltd., Lianyungang, China on 18 September 2023 and now holds 100 % of the company's shares. The purchase price amounted to CHF 2.4 million. CHF 1.4 million of this was derecognized in shareholders' equity under minorities, and the remaining CHF 1.0 million was offset as goodwill against retained earnings.

33. Currency translation rates

	Average rate		Closing rate	
in CHF	2023	2022	31.12.2023	31.12.2022
1 EUR	0.9720	1.0050	0.9300	0.9870
1 USD	0.8990	0.9550	0.8420	0.9250
1 CNY	0.1270	0.1420	0.1187	0.1331
1 BAM	0.4970	0.5138	0.4755	0.5046
1 BRL	0.1800	0.1850	0.1730	0.1750

34. Events after the balance sheet date

The CPH Group announced its purchase of the Indian-based Sorbead India and Swambe Chemicals company in January 2024. The acquisition marks the Group's entry into the Indian market in line with its international expansion strategy. The transaction is expected to close in the second quarter of 2024. Apart from this, no events occurred between the balance sheet date and 9 February 2024, the date of the approval and release for publication of these annual consolidated financial statements by the Board of Directors, which would require adjustments to the Group's assets, equity and liabilities or would need to be disclosed here. These consolidated financial statements are also subject to the approval of the Annual General Meeting of 20 March 2024.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of CPH Chemie + Papier Holding AG and its subsidiaries (the Group), which comprise the consolidated income statement for the year ended 31 December 2023, the consolidated balance sheet as at 31 December 2023, the consolidated cash flow statement and consolidated statement of changes in shareholders' equity 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 66 to 87) give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

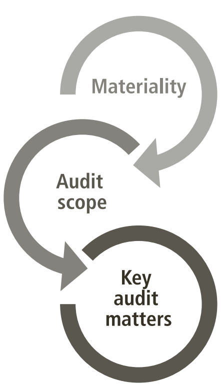
Basis for opinion

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 consolidated financial statements' section of our report. We are independent of the Group 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 Group materiality: CHF 6.2 million

Full scope audit work was concluded at seven Group companies in four countries. For two additional companies, specified audit procedures were performed. Our audit scope addressed 91 % of the net sales of the Group.

Additionally, we concluded reviews at a further two Group companies, which represented an additional 6 % of the net sales of the Group. As key audit matter the following area of focus has been identified:
Assessment of the adequacy of the provisions for environmental protection measures.

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated 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 consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated 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 consolidated financial statements as a whole.

Overall Group materiality	CHF 6.2 million
Benchmark applied	Net sales
Rationale for the materiality benchmark applied	We chose net sales as the benchmark because, in our view, it is an appropriate benchmark given the Group's volatile earnings performance in recent years, and it is a generally accepted benchmark for materiality considerations.

Audit scope

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

The audit strategy for the audit of the consolidated financial statements was determined taking into account the work performed by the Group auditor and the component auditors from the PwC network and from a third party. Where audits were performed by component auditors, we ensured that, as Group auditor, we were sufficiently involved in the audit in order to assess whether sufficient appropriate audit evidence was obtained from the work of the component auditors to provide a basis for our opinion. The involvement of the Group auditor was based on audit instructions and standardised reporting. In addition, it included telephone conferences with the component auditors and participation in audit closing meetings for selected components in which local management, the local auditor and selected Group representatives also participated.

Key audit matters

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

Assessment of the adequacy of the provisions for environmental protection measures

Key audit matter

As at the balance sheet date, current and non-current provisions for environmental protection measures amounting to CHF 26.1 million have been recognised in connection with the closure and disposal of the production site at Uetikon and the obligation to decontaminate and absorb the costs of various landfills and properties.

In view of the magnitude of the future costs of the environmental protection measures and the significant estimates involved in calculating them, we consider the completeness and accuracy of these provisions as a key audit matter.

Information regarding the provisions for environmental protection measures can be found in notes 7 and 20 of the notes to the consolidated financial statements.

How our audit addressed the key audit matter

We performed the following audit procedures:

– Review and assessment of Management memos and file notes concerning the amount of provisions recognised.
– Sample-based testing of the calculations of and the assumptions relating to the cost estimates of the environmental protection measures.
– Inspection of the contract awards, expert opinions and bids on which the calculations are based and of the correspondence, meeting minutes and cost overviews.
– Discussions with Management and the Finance and Auditing Committee.
– Assessment of whether the disclosure of the provisions complies with the requirements of Swiss GAAP FER.

On the basis of our audit results, we consider the approach chosen by Management for recording and disclosure of the provisions for environmental protection measures 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 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 consolidated financial statements that give a true and fair view in accordance with Swiss GAAP FER 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 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: 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 para. 1 item 3 CO and PS-CH 890, we confirm the existence of an internal control system that has been designed, pursuant to the instructions of the Board of Directors, for the preparation of the consolidated financial statements.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Norbert Kühnis	Josef Stadelmann
Licensed audit expert	Licensed audit expert
Auditor in charge	

Zürich, 9 February 2024

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Supplementary definitions of financial ratios

The financial information in this annual report is supplemented by certain financial ratios which are not defined in the Swiss GAAP FER. These help the management to assess and quantify the company's performance. They may differ from similar metrics used at other companies, and should not be regarded as replacing the Swiss GAAP FER ratios. They are defined as follows:

Growth rate
The growth rate is the increase or decrease in a ratio, expressed as a percentage of the corresponding value for the prior period.

Changes at constant currency
Changes at constant currency are calculated by translating the ratios in question using the exchange rates valid in the prior period.

Gross profit / gross profit margin
Gross profit is calculated as:
+ Net sales
+ Other operating income
+ Change in inventories
- Cost of materials
- Cost of energy

Gross profit margin is gross profit as a percentage of net sales.

EBITDA / EBITDA margin
EBITDA (operating result before depreciation and amortization) is calculated as follows:
+ Operating result (EBIT)
+ Depreciation on tangible fixed assets
+ Amortization on intangible assets
+ Impairment of fixed assets

EBITDA margin is EBITDA as a percentage of net sales.

EBIT / EBIT margin
EBIT (earnings before interest and taxes) is the operating result. EBIT margin is EBIT as a percentage of net sales.

EBIT before impairment / EBIT margin before impairment
EBIT before impairment is calculated as follows:
+ Operating result (EBIT)
+ Impairment of fixed assets

EBIT margin before impairment is EBIT before impairment as a percentage of net sales.

Return on equity
Return on equity is calculated by dividing the net result by average shareholders' equity. Average shareholders' equity is the average of the shareholders' equity at the beginning and at the end of the reporting period.

Cash flow
Cash flow (before change in non-financial net working capital) is calculated as follows:
+ Cash flow from operating activities
+ Change in trade receivables
+ Change in inventories
+ Change in other receivables, prepayments and accrued income
+ Change in trade payables
+ Change in other payables, accrued expenses and deferred income

Free cash flow
Free cash flow is calculated as follows:
+ Cash flow from operating activities
+ Cash flow from investing activities

Net liquid assets
Net liquid assets are calculated as follows:
+ Cash and cash equivalents
- Current and non-current financial liabilities

Net debt
Net debt is calculated as follows:
+ Current and non-current financial liabilities
- Cash and cash equivalents

Net-debt-to-EBITDA ratio
The net-debt-to-EBITDA ratio is calculated by dividing net debt by EBITDA (operating result before depreciation and amortization).

Equity ratio

The equity ratio is shareholders' equity (including minorities) as a percentage of total assets.

Capital employed

Capital employed is calculated as follows:

+ Trade receivables
+ Other receivables
+ Inventories
+ Prepayments and accrued income
+ Tangible fixed assets
+ Financial assets
- Deferred income tax assets
+ Intangible assets
- Trade payables
- Other current and non-current liabilities
- Current and non-current provisions
+ Deferred income tax liabilities
- Accrued expenses and deferred income

Net operating profit after tax (NOPAT)

+ EBIT (earnings before interest and taxes) before impairment
- Income tax calculable thereon at the tax rate expected for the period

Return on capital employed (ROCE)

Return on capital employed (ROCE) is calculated by dividing net operating profit after tax (NOPAT) by average capital employed. Average capital employed is the average of the capital employed at the beginning and at the end of the reporting period.