

Quarterly Report 2021

**Condensed
Consolidated
Interim Financial
Statements 2021
(unaudited)**

January – September 2021

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Schindellegi, October 19, 2021

Income statement

CHF million	January – September			July – September		
	2021	2020	Variance in per cent	2021	2020	Variance in per cent
Net turnover	21,841	14,839	47.2	8,568	5,031	70.3
Net expenses for services from third parties	-14,970	-9,323		-6,024	-3,165	
Gross profit	6,871	5,516	24.6	2,544	1,866	36.3
Personnel expenses	-3,572	-3,306		-1,256	-1,085	
Selling, general and administrative expenses	-931	-953		-318	-314	
Other operating income/expenses, net	1	142		1	133	
EBITDA	2,369	1,399	69.3	971	600	61.8
Depreciation of property, plant and equipment	-141	-134		-47	-43	
Depreciation of right-of-use assets	-364	-378		-119	-124	
Amortisation of other intangibles	-39	-30		-16	-9	
Impairment of goodwill and other intangibles	-	-67		-	-53	
EBIT	1,825	790	131.0	789	371	112.7
Financial income	9	4		3	1	
Financial expenses	-15	-16		-4	-5	
Result from joint ventures and associates	4	2		2	1	
Earnings before tax (EBT)	1,823	780	133.7	790	368	114.7
Income tax	-481	-205		-212	-102	
Earnings for the period	1,342	575	133.4	578	266	117.3
Attributable to:						
Equity holders of the parent company	1,313	574	128.7	557	266	109.4
Non-controlling interests	29	1		21	-	
Earnings for the period	1,342	575	133.4	578	266	117.3
Basic earnings per share in CHF	10.94	4.80	127.9	4.64	2.22	109.0
Diluted earnings per share in CHF	10.91	4.79	127.8	4.63	2.22	108.6

Statement of comprehensive income

CHF million	January - September		July - September	
	2021	2020	2021	2020
Earnings for the period	1,342	575	578	266
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Foreign exchange differences	84	-154	10	-20
Gains/(losses) on cash flow hedges	-28	-	-	-
Items that will not be reclassified to profit or loss:				
Actuarial gains/(losses) on defined benefit plans	37	-6	-	-21
Income tax on actuarial gains/(losses) on defined benefit plans	-9	2	-	6
Total other comprehensive income, net of tax	84	-158	10	-35
Total comprehensive income for the period	1,426	417	588	231
Attributable to:				
Equity holders of the parent company	1,390	417	560	231
Non-controlling interests	36	-	28	-

Balance sheet

CHF million	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020
Assets			
Property, plant and equipment	797	797	985
Right-of-use assets	1,465	1,500	1,460
Goodwill	2,315	1,155	1,173
Other intangibles	263	101	109
Investments in joint ventures and associates	31	12	12
Deferred tax assets	244	250	229
Non-current assets	5,115	3,815	3,968
Prepayments	176	82	132
Contract assets	662	259	213
Trade receivables	5,381	3,412	3,274
Other receivables	140	112	117
Income tax receivables	31	40	103
Cash and cash equivalents	1,592	1,697	1,018
Assets held for sale	-	434	510
Current assets	7,982	6,036	5,367
Total assets	13,097	9,851	9,335

CHF million	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020
Liabilities and equity			
Share capital	121	120	120
Reserves and retained earnings	1,373	1,499	1,535
Earnings for the period	1,313	788	574
Equity attributable to the equity holders of the parent company	2,807	2,407	2,229
Non-controlling interests	7	6	6
Equity	2,814	2,413	2,235
Provisions for pension plans and severance payments	401	431	440
Deferred tax liabilities	127	61	59
Borrowings	400	400	400
Non-current provisions	45	35	28
Other non-current liabilities	1,234	52	50
Non-current lease liabilities	1,104	1,150	1,054
Non-current liabilities	3,311	2,129	2,031
Bank and other interest-bearing liabilities	7	2	6
Trade payables	2,535	1,875	1,618
Contract liabilities	251	87	94
Accrued trade expenses	1,907	1,338	1,201
Income tax liabilities	311	164	242
Current provisions	79	86	73
Other current liabilities	1,442	905	954
Current lease liabilities	440	433	427
Liabilities directly associated with the assets held for sale	-	419	454
Current liabilities	6,972	5,309	5,069
Total liabilities and equity	13,097	9,851	9,335

Schindellegi, October 19, 2021

Kuehne + Nagel International AG

Dr. Detlef Trefzger
CEOMarkus Blanka-Graff
CFO

Statement of changes in equity

CHF million	Share capital	Share premium	Treasury shares	Cumulative translation adjustment	Actuarial gains/(losses)	Hedging reserves	Retained earnings	Total equity attributable to the equity holders of parent company	Non-controlling interests	Total equity
Balance as of January 1, 2021	120	459	-55	-1,230	-168	-	3,281	2,407	6	2,413
Earnings for the period	-	-	-	-	-	-	1,313	1,313	29	1,342
Other comprehensive income										
Foreign exchange differences	-	-	-	77	-	-	-	77	7	84
Gains/(losses) on cash flow hedges	-	-	-	-	-	-28	-	-28	-	-28
Actuarial gains/(losses) on defined benefit plans, net of tax	-	-	-	-	28	-	-	28	-	28
Total other comprehensive income, net of tax	-	-	-	77	28	-28	-	77	7	84
Total comprehensive income for the period	-	-	-	77	28	-28	1,313	1,390	36	1,426
Disposal of treasury shares	-	-16	16	-	-	-	-	-	-	-
Capital increase ¹	1	206	-	-	-	-	-	207	-	207
Dividend paid ²	-	-	-	-	-	-	-538	-538	-1	-539
Expenses for share-based compensation plans	-	-	-	-	-	-	27	27	-	27
Transfer of cash flow hedge reserve to investments	-	-	-	-	-	28	-	28	-	28
Sale of interest without loss of control ³	-	-	-	-	-	-	-42	-42	414	372
Acquisition of subsidiaries with non-controlling interests	-	-	-	-	-	-	-	-	47	47
Transaction with non-controlling interests ⁴	-	-	-	7	-	-	-679	-672	-495	-1,167
Balance as of September 30, 2021	121	649	-39	-1,146	-140	-	3,362	2,807	7	2,814

1 In connection with the acquisition of Apex International Corporation, the Company issued 753,783 registered shares (CHF 1 million).

The difference between the nominal value (CHF 1.00 per share) and the fair value of the issued shares (CHF 277.00 per share) in the amount of CHF 206 million (net of CHF 2 million transaction costs) was credited to the share premium. See notes 9 and 13 for more details.

2 2021: CHF 4.50 per share

3 The movement in retained earnings relates to a disposal of shares in Apex to Partners Group (SWX: PGHN), see note 10.

4 The movement in retained earnings relates to written put options on non-controlling interests in connection with the Apex acquisition, see notes 9 and 10.

CHF million	Share capital	Share premium	Treasury shares	Cumulative translation adjustment	Actuarial gains/(losses)	Hedging reserves	Retained earnings	Total equity attributable to the equity holders of parent company	Non-controlling interests	Total equity
Balance as of January 1, 2020	120	469	-28	-1,042	-161	-	2,958	2,316	6	2,322
Earnings for the period	-	-	-	-	-	-	574	574	1	575
Other comprehensive income										
Foreign exchange differences	-	-	-	-153	-	-	-	-153	-1	-154
Actuarial gains/(losses) on defined benefit plans, net of tax	-	-	-	-	-4	-	-	-4	-	-4
Total other comprehensive income, net of tax	-	-	-	-153	-4	-	-	-157	-1	-158
Total comprehensive income for the period	-	-	-	-153	-4	-	574	417	-	417
Purchase of treasury shares	-	-	-37	-	-	-	-	-37	-	-37
Disposal of treasury shares	-	-10	10	-	-	-	-	-	-	-
Dividend paid ¹	-	-	-	-	-	-	-478	-478	-	-478
Expenses for share-based compensation plans	-	-	-	-	-	-	11	11	-	11
Balance as of September 30, 2020	120	459	-55	-1,195	-165	-	3,065	2,229	6	2,235

¹ 2020: CHF 4.00 per share

Cash flow statement

CHF million	Note	January – September			July – September		
		2021	2020	Variance	2021	2020	Variance
Cash flow from operating activities							
Earnings for the period		1,342	575		578	266	
Adjustments to reconcile earnings for the period to net cash flows:							
Income tax		481	205		212	102	
Financial income		-9	-4		-3	-1	
Financial expenses		15	16		4	5	
Result from joint ventures and associates		-4	-2		-2	-1	
Depreciation of property, plant and equipment		141	134		47	43	
Depreciation of right-of-use assets		364	378		119	124	
Amortisation of other intangibles		39	30		16	9	
Impairment of goodwill and other intangibles		-	67		-	53	
Expenses for share-based compensation plans		27	11		12	2	
(Gain)/loss on disposal of property, plant and equipment, net		-1	-12		-	-3	
Net addition to provisions for pension plans and severance payments		7	8		1	3	
Subtotal operational cash flow		2,402	1,406	996	984	602	382
(Increase)/decrease contract assets		-392	-12		-261	15	
(Increase)/decrease trade and other receivables, prepayments		-1,650	8		-662	62	
Increase/(decrease) provisions		-24	-4		6	2	
Increase/(decrease) other liabilities		291	-42		153	-62	
Increase/(decrease) trade payables, contract liabilities and accrued trade expenses		1,220	-4		633	70	
Income taxes paid		-349	-213		-112	-102	
Total cash flow from operating activities		1,498	1,139	359	741	587	154

CHF million	Note	January - September			July - September		
		2021	2020	Variance	2021	2020	Variance
Cash flow from investing activities							
Capital expenditure							
- Property, plant and equipment		-141	-123		-52	-44	
- Other intangibles		-7	-6		-2	-1	
Disposal of property, plant and equipment		15	180		6	10	
(Acquisition)/divestment of businesses, net of cash (acquired)/disposed	8/9/10	-898	-35		-9	-	
Settlement of deferred/contingent considerations from business combinations		-4	-53		-4	-46	
Capital (contributions to)/distributions from joint ventures and associates		-4	-3		-3	-	
Dividend received from joint ventures and associates		3	2		2	1	
Interest received		2	2		1	-	
Total cash flow from investing activities		-1,034	-36	-998	-61	-80	19
Cash flow from financing activities							
Proceeds from borrowings and other interest-bearing liabilities							
		-	1		-	-	
Proceeds from sale of interest without loss of control	10	372	-		372	-	
Repayment of other interest-bearing liabilities		-60	-1		-	-	
Repayment of lease liabilities		-370	-396		-120	-132	
Interest paid on borrowings and other interest-bearing liabilities		-6	-5		-1	-1	
Interest paid on lease liabilities		-8	-10		-3	-2	
Purchase of treasury shares	13	-	-37		-	-1	
Dividend paid to equity holders of parent company		-538	-478		-	-478	
Dividend paid to non-controlling interests		-1	-		-1	-	
Total cash flow from financing activities		-611	-926	315	247	-614	861
Foreign exchange difference on cash and cash equivalents		19	-35	54	2	-6	8
Increase/(decrease) in cash and cash equivalents		-128	142	-270	929	-113	1,042
Cash and cash equivalents at the beginning of the period, net		1,713	904	809	656	1,159	-503
Cash and cash equivalents at the end of the period, net		1,585	1,046	539	1,585	1,046	539

Notes to the condensed consolidated interim financial statements

1 Organisation

Kuehne + Nagel International AG (the Company) is incorporated in Schindellegi (Feusisberg), Switzerland. The Company is one of the world's leading logistics providers. Its strong market position lies in the sea logistics, air logistics, road logistics and contract logistics businesses.

The condensed consolidated interim financial statements of the Company for the nine months ended September 30, 2021, comprise the Company, its subsidiaries (the Group) and its interests in joint ventures and associates.

The Group voluntarily presents a balance sheet as of September 30, 2020.

2. Statement of compliance

The unaudited condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended December 31, 2020.

3. Basis of preparation

The condensed consolidated interim financial statements are presented in Swiss Francs (CHF) million. They are prepared on a historical cost basis except for certain financial instruments, which are stated at fair value. Non-current assets and disposal groups held for sale are stated at the lower of the carrying amount and fair value less costs to sell.

The preparation of the condensed consolidated interim financial statements in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting, as issued by the International Accounting Standards Board (IASB), requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The actual result may differ from these estimates. Judgements made by the management in the application of International Financial Reporting Standards that have a significant effect on the condensed consolidated interim financial statements and estimates with a significant risk of material adjustment in the next period were the same as those applied to the consolidated financial statements for the year ended December 31, 2020.

4. Accounting policies

The accounting policies applied in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended December 31, 2020. The

Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Other new, revised and amended standards, amendments, improvements and interpretations apply for the first time in 2021, but do not have a material impact on the condensed consolidated interim financial statements of the Group.

5. Impact from COVID-19

On March 11, 2020, the World Health Organisation declared the COVID-19 outbreak to be a pandemic due to its rapid spread worldwide. Various governments introduced and continue to apply containment measures in order to reduce the growth of the number of infections.

Since then, the Kuehne+Nagel Group has specific precautionary measures in place to provide safe working environments for its employees and maintain business continuity. Dedicated teams at global and regional level are continuously monitoring the situation also in 2021 as it extended over the last quarters. The Group adapts the measures based on the most recent guidance of governments and other relevant authorities.

In 2020, while demand in certain industries such as pharma, healthcare, high-tech, and e-commerce remained high, volumes in other sectors, especially in automotive, aviation and aerospace, reduced significantly since the outbreak of the pandemic. Since the last quarter 2020 and in the first nine months of 2021, the Group recorded continued volume growth in imports to Europe and North America from Asia. Additionally, disruptive events in ship operation and/or port operations hit global supply chains. Large numbers of ships waiting in front of ports for their port call create substantial congestions in the supply chain. This affects shipping capacity, container availability and air cargo capacity. This combination of reduced sea and airfreight capacities and disrupted supply chain led to a steep increase in freight rates. Since the overall development of the COVID-19 pandemic and its medium to long-term effects on the global economy are still unforeseeable, predictions remain difficult.

For these condensed consolidated interim financial statements, the impact of the COVID-19 pandemic and containment measures taken by various governments are considered and assessments for the future are based on various scenarios, taking into the account the prevailing situation of uncertainty.

The Group continued to assess the expected credit loss by applying updated credit ratings and probabilities of default. The impairment allowance provision in per cent of trade receivables and contract assets stands at 1.96 per cent as of September 30, 2021, compared to 2.39 per cent as of December 31, 2020.

The Kuehne+Nagel Group has successfully extended the revolving credit facility of CHF 750 million by another year until April 24, 2024 to ensure immediate access to liquidity.

The successful global COVID-19 vaccine rollout depends on its efficient and fast distribution. The Kuehne+Nagel Group has entered into an agreement with Moderna, Inc. (NASDAQ: MRNA) and other vaccine producers to provide logistics services using the existing network of more than 240 pharma certified operations worldwide. Kuehne+Nagel has also signed partnerships with authorities in several countries for local storage and last-mile distribution, such as in Germany's most populous state, North Rhine-Westphalia.

The Group closely monitors the business and the results of its recent acquisitions, for which performance based earn-outs have been agreed to be paid in the future.

6. Foreign exchange rates

Conversion rates of major foreign currencies are applied as follows:

Income statement and cash flow statement

(average rates for the period)

Currency	Jan. - Sep. 2021 CHF	Jan. - Sep. 2020 CHF	Variance in per cent
EUR 1.-	1.0904	1.0690	2.0
USD 1.-	0.9101	0.9523	-4.4
GBP 1.-	1.2585	1.2134	3.7

Balance sheet

(period end rates)

Currency	Sep. 2021 CHF	Sep. 2020 CHF	Variance in per cent	Dec. 2020 CHF
EUR 1.-	1.0841	1.0794	0.4	1.0865
USD 1.-	0.9261	0.9283	-0.2	0.8895
GBP 1.-	1.2683	1.1841	7.1	1.2016

7. Seasonality

The Group is not exposed to significant seasonal or cyclical variations in its operations.

8. Changes in the scope of consolidation

Major changes in the scope of consolidation in the first nine months of 2021 related to the following companies:

2021	Capital share in per cent equals voting rights	Acquisition/ divestment date
Acquisitions		
Apex International Corporation Group ¹	88.4	May 11, 2021
Salmosped AS, Norway ²	100	September 1, 2021
Divestments		
Pluto Holdings Logistics Ltd., Great Britain ³	100	January 1, 2021
Kuehne + Nagel Drinkflow Log. (Holdings) Ltd., Great Britain ³	100	January 1, 2021
Kuehne + Nagel Drinks Logistics Ltd., Great Britain ³	100	January 1, 2021
Kuehne + Nagel Drinkflow Logistics Ltd., Great Britain ³	100	January 1, 2021
Apex International Corporation Group ¹	24.9	August 12, 2021

¹ The Group has present access to 88.4 per cent ownership interests at acquisition date, comprising 79.3 per cent legally acquired plus 9.1 per cent contractually agreed to be transferred within the next three years. Subsequently, as of August 12, 2021 the Group disposed 24.9 per cent of the share capital without loss of control. Refer to notes 9 and 10 for details to the acquisition and divestment.

² Refer to note 9 for details to the acquisition.

³ Refer to note 10 for details to the divestments.

Major changes in the scope of consolidation in the first nine months of 2020 related to the following companies:

2020	Capital share in per cent equals voting rights	Acquisition date
Acquisitions		
Newco Logistics NV, Belgium ¹	100	January 7, 2020
Rotra Forwarding NV, Belgium ¹	100	January 7, 2020
Rotrexma 2 Holding BV, Netherlands ¹	100	January 7, 2020
Exmijro 2 BV, Netherlands ¹	100	January 7, 2020
TS Holding BV, Netherlands ¹	100	January 7, 2020
Global Parcel Services BV, Netherlands ¹	100	January 7, 2020
Roelofsen Transport BV, Netherlands ¹	100	January 7, 2020
Rotra Logistics Solutions BV, Netherlands ¹	100	January 7, 2020
Rotra Forwarding BV, Netherlands ¹	100	January 7, 2020
Logistics Software Solutions Holding BV, Netherlands ¹	100	January 7, 2020
Logistics Software Solutions BV, Netherlands ¹	100	January 7, 2020
Truck Supply Europe Srl, Romania ¹	100	January 7, 2020
S.C. Rotra Forwarding Srl, Romania ¹	100	January 7, 2020

¹ Refer to note 9 for details to the acquisitions.

9. Acquisitions

2021 Acquisitions

The acquisitions in the first nine months 2021 had the following effect on the Group's assets and liabilities:

CHF million	Apex Group	Salmosped	Recognised fair values
Current assets	389	12	401
Other intangibles	187	3	190
Non-current assets	56	-	56
Acquired cash and cash equivalents	47	2	49
Subtotal assets	679	17	696
Non-current liabilities	-26	-	-26
Current liabilities	-318	-13	-331
Total identifiable assets and liabilities, net	335	4	339
Goodwill	1,096	15	1,111
Total assets and liabilities, net	1,431	19	1,450
Non-controlling interests, proportionate share of identifiable net assets	-47	-	-47
Purchase price for the ownership acquired	1,384	19	1,403
Thereof deferred consideration	-	-8	-8
Thereof contingent consideration	-242	-	-242
Thereof shares issued, at fair value	-209	-	-209
Purchase price, paid in cash	933	11	944
Acquired cash and cash equivalents	-47	-2	-49
Net cash outflow	886	9	895

Effective May 11, 2021 the Group legally acquired 79.3 per cent of the shares of Apex International Corporation (Apex) and obtained present access to a further 9.1 per cent of Apex shares contractually agreed to be transferred over the next three years. Therefore, the Group accounts for an 88.4 per cent ownership stake at acquisition. Apex is one of the leading Asian freight forwarders, especially in the transpacific and intra-Asia. The group of companies is a renowned specialist for air logistics services, founded

in China in 2001 and headquartered in Shanghai and Hong Kong. Apex has operations in 13 countries in various locations in China, Hong Kong, USA, Vietnam, Taiwan, Korea, Singapore, Canada, Mexico, Australia, New Zealand, Netherlands and Germany. With approximately 1,800 employees, Apex generates a yearly turnover in excess of CHF 2.1 billion. The acquisition of Apex is in line with the Group's strategic growth ambition in Asia.

The purchase price of CHF 1.4 billion for the acquired interest includes a contingent consideration liability of CHF 242 million, CHF 933 million paid in cash and CHF 209 million settled by 753,783 of the Company's shares. The contingent consideration depends on the achievement of increasing profitability targets (determined by a multiplier of normalised earnings before tax) for the 2021, 2022 and 2023 measurement periods and is to be settled in a variable number of the Company's shares. The annual payments are capped and the maximum earn-out to be paid is CHF 242 million. A change to the expected normalised earnings before tax of -10 per cent would result in a positive impact on the income statement of CHF 31 million.

The liability to the previous owners is expected to be settled in a variable number of Kuehne+Nagel shares as follows:

Year of payment	Expected settlement amount of contingent consideration in CHF million
2022	81
2023	81
2024	80
Total	242

Additionally, the Group entered into a call option to purchase the remaining 11.6 per cent and wrote a put option to the holders of

the non-controlling interests to sell their shares to the Group at the same conditions. The option exercise price depends on an EBITDA multiple to be settled by a variable number of the Company's shares.

For the put option, a liability was recognised at the present value of the redemption amount with a corresponding entry in equity. As the non-controlling shareholders still have present access to the economic benefits associated with the underlying ownership interest, the non-controlling interest continues to be recognised as a separate component in equity and continues to receive an allocation of profit and loss and other comprehensive income. The non-controlling interest is reclassified as a financial liability at each reporting date as if the acquisition took place at that date. Any excess over the reclassified carrying amount of the non-controlling interest and all subsequent changes in the redemption value of the financial liability are recognised directly in retained earnings.

At the balance sheet date, the carrying amount of the put option liability amounted to CHF 280 million. The put option liability is recognised in the balance sheet item "Other current liabilities" and "Other non-current liabilities".

Effective September 1, 2021 the Group acquired the business of Salmosped AS (Salmosped), Norway. The Oslo-based company is a leading Norwegian perishables freight forwarder specialised in transportation of seafood products. It generated a turnover of CHF 118 million in 2020. The purchase price of CHF 19 million includes a deferred consideration liability of CHF 8 million and CHF 11 million was paid in cash.

Acquisition-related costs (included in the line item “selling, general and administrative expenses” in the income statement) amount to CHF 6 million.

The trade receivables comprise gross contractual amounts due of CHF 347 million, of which none were expected to be uncollectible at the acquisition date.

Other intangibles of CHF 190 million recognised on the acquisitions represent the Apex brand as well as contractual and non-contractual customer lists having useful lives of three to seven years. Goodwill of CHF 1,111 million arose on the acquisitions and represents management expertise, synergies and workforce, which do not meet the definition of an intangible asset to be recognised separately. Goodwill is not expected to be tax deductible. While the majority of the goodwill is allocated to the business unit Air Logistics the remainder is assigned to Sea Logistics.

From May 11 to September 30, 2021, the acquisitions contributed CHF 1,484 million of net turnover and CHF 164 million earnings, including the amortisation of other intangibles of CHF 14 million, to the consolidated financial statements. If the acquisition had occurred on January 1, 2021, the Group’s net turnover would have been CHF 23,131 million and consolidated earnings for the period would have been CHF 1,956 million.

The accounting for the acquisitions made in 2021 was determined provisionally only. Adjustments may be made to the fair values assigned to the identifiable assets acquired and liabilities assumed up to twelve months from the date of acquisition.

2020 Acquisitions

The acquisitions in the first nine months 2020 had the following effect on the Group’s assets and liabilities:

CHF million	Recognised fair values
Property, plant and equipment	3
Right-of-use assets	27
Other intangibles	10
Trade receivables	17
Other current assets	1
Acquired cash and cash equivalents	3
Subtotal assets	61
Non-current lease liabilities	-23
Other non-current liabilities	-3
Trade payables	-11
Current lease liabilities	-4
Other current liabilities	-7
Total identifiable assets and liabilities, net	13
Goodwill	25
Purchase price, paid in cash	38
Acquired cash and cash equivalents	-3
Net cash outflow	35

Effective January 7, 2020 the Group acquired 100 per cent of the shares of the road logistics activities of Rotrexma 2 Holding BV (Rotra), a company headquartered in the Netherlands, together with its subsidiaries. With approximately 800 employees and a yearly net revenue of above CHF 110 million the group of companies operates a fleet of over 200 trucks, providing Europe-wide overland transportation as well as contract logistics services for Dutch, Belgian and international customers. It manages cross-dock facilities in the Netherlands and in Belgium. The purchase price of CHF 38 million was paid in cash.

Other intangibles of CHF 10 million recognised on the acquisition represent customer contracts and non-contractual customer lists having a useful life of five years.

The trade receivables comprise gross contractual amounts due of CHF 17 million, and all amounts are expected to be collectible.

Goodwill of CHF 25 million arose on the acquisition and represents management expertise and workforce, which do not meet the definition of an intangible asset to be recognised separately. Goodwill is not expected to be tax deductible.

Acquisition-related costs (included in the line item “selling, general and administrative expenses” in the income statement) are below CHF 1 million.

The accounting for the acquisition was determined provisionally only. No material adjustments to the values previously reported were deemed necessary after having finalised the acquisition accounting in 2020.

10. Divestments

Effective August 12, 2021 Kuehne+Nagel sold a 24.9 per cent equity stake in Apex International Corporation for a cash consideration of CHF 372 million to Partners Group (SWX: PGHN), a leading global private markets firm. The parties also entered into call and put arrangements. For the put option, a liability was recognised at the present value of the redemption amount with a corresponding entry in equity. The accounting treatment of the put option and non-controlling interests is in line with the one described in the Apex acquisition note 9.

At the balance sheet date, the carrying amount of the put option liability amounted to CHF 887 million. The put option liability is recognised in the balance sheet item “Other non-current liabilities”.

On March 8, 2020, Kuehne+Nagel entered into a binding agreement to sell a major part of its contract logistics portfolio in the United Kingdom to XPO Logistics, Inc. (NYSE: XPO). The scope of the transaction includes the drinks logistics, food services and retail & technology businesses, whereby the pharma & healthcare businesses are retained. In the first nine months 2020, the operations contributed CHF 470 million of turnover and a loss for the period of CHF 4 million to the Group's income statement.

On December 31, 2020, the assets and liabilities related to this divestment were classified as assets held for sale (CHF 434 million) and liabilities directly associated with the assets held for sale (CHF 419 million) and were presented separately in the Group's balance sheet. The transaction closed on January 1, 2021 resulting in the derecognition of the assets and liabilities associated with the disposal group. There was no material impact on the income statement from the transaction in 2021.

CHF million	Jan. 1, 2021
Property, plant and equipment	41
Right-of-use assets	248
Deferred tax assets	2
Trade receivables	64
Other current assets	61
Cash and cash equivalents	18
Assets divested	434
Non-current lease liabilities	-215
Other non-current liabilities	-9
Current lease liabilities	-52
Other current liabilities	-97
Trade payables	-46
Liabilities directly associated with the assets divested	-419
Net assets divested	15

11. Segment reporting

a) Reportable segments

The Group provides integrated logistics solutions across customers' supply chains using its global logistics network.

The four reportable segments, **Sea Logistics**, **Air Logistics**, **Road Logistics** and **Contract Logistics**, reflect the internal management and reporting structure to the Management Board (the chief operating decision maker, CODM) and are managed through specific organisational structures. The CODM reviews internal management reports on a monthly basis. Each segment is a distinguishable business unit and is engaged in providing and selling discrete products and services.

The discrete distinction between Sea Logistics, Air Logistics and Road Logistics is the usage of the same transportation mode within a reportable segment. In addition to common business processes and management routines, a single main transportation mode is used within a reportable segment. For the reportable segment Contract Logistics the services performed are related to customer contracts for warehouse and distribution activities, whereby services performed are storage, handling and distribution.

Pricing between segments is determined on an arm's length basis. The accounting policies of the reportable segments are the same as applied in the consolidated financial statements.

Information about the reportable segments is presented on the next pages. Segment performance is based on EBIT as reviewed by the CODM. The column "eliminations" shows the eliminations of turnover and expenses between segments. All operating expenses are allocated to the segments and included in the EBIT.

b) Geographical information

The Group operates on a worldwide basis in the following geographical areas: **EMEA**, **Americas** and **Asia-Pacific**. All products and services are provided in each of these geographical regions. The regional revenue is based on the geographical location of the customers invoiced, and regional assets are based on the geographical location of assets.

c) Major customers

There is no single customer who represents more than ten per cent of the Group's total revenue.

a) Reportable segments

January – September

CHF million	Total Group		Sea Logistics		Air Logistics	
	2021	2020	2021	2020	2021	2020
Turnover (external customers)	24,739	17,448	10,594	6,581	7,066	4,179
Customs duties and taxes	-2,898	-2,609	-1,448	-1,418	-488	-476
Net turnover (external customers)	21,841	14,839	9,146	5,163	6,578	3,703
Inter-segment turnover	-	-	2,672	1,653	4,731	2,297
Net expenses for services	-14,970	-9,323	-9,929	-5,765	-9,742	-5,043
Gross profit	6,871	5,516	1,889	1,051	1,567	957
Total expenses ¹	-4,502	-4,117	-876	-727	-879	-522
EBITDA	2,369	1,399	1,013	324	688	435
Depreciation of property, plant and equipment	-141	-134	-19	-17	-17	-15
Depreciation of right-of-use assets	-364	-378	-2	-2	-2	-2
Amortisation of other intangibles	-39	-30	-1	-1	-24	-15
Impairment of goodwill and other intangibles ²	-	-67	-	-	-	-53
EBIT (segment profit)	1,825	790	991	304	645	350
Financial income	9	4				
Financial expenses	-15	-16				
Result from joint ventures and associates	4	2				
Earnings before tax (EBT)	1,823	780				
Income tax	-481	-205				
Earnings for the period	1,342	575				
Attributable to:						
Equity holders of the parent company	1,313	574				
Non-controlling interests	29	1				
Earnings for the period	1,342	575				
Additional information not regularly reported to CODM						
Allocation of goodwill ³	2,315	1,177	147	33	1,426	409
Allocation of other intangibles	263	109	-	-	227	60
Capital expenditure property, plant and equipment	141	123	25	8	13	11
Capital expenditure right-of-use assets	323	294	25	25	15	16
Capital expenditure other intangibles	7	6	1	1	1	1
Property, plant and equipment, goodwill and intangibles through business combinations	1,308	38	109	-	1,199	-

1 In Q3 2020, total expenses include an income from the release of unused contingent consideration liability of CHF 116 million in the business unit Air Logistics (region Americas).

2 Q2 2020 includes a write-off of CHF 14 million of goodwill in assets held for sale in the business unit Contract Logistics (region EMEA) and an impairment of other intangibles (customer lists) in the business unit Air Logistics (region Americas) of CHF 53 million.

3 In 2020, thereof CHF 4 million included in assets held for sale in Contract Logistics.

b) Geographical information

January – September

CHF million	Total Group		EMEA		Americas	
	2021	2020	2021	2020	2021	2020
Turnover (external customers)	24,739	17,448	13,895	10,958	7,453	4,526
Customs duties and taxes	-2,898	-2,609	-2,195	-1,823	-547	-622
Net turnover (external customers)	21,841	14,839	11,700	9,135	6,906	3,904
Inter-regional turnover	-	-	4,356	3,216	1,228	758
Net expenses for services	-14,970	-9,323	-11,999	-8,646	-6,474	-3,495
Gross profit	6,871	5,516	4,057	3,705	1,660	1,167
Total expenses ¹	-4,502	-4,117	-2,946	-2,999	-1,036	-763
EBITDA	2,369	1,399	1,111	706	624	404
Depreciation of property, plant and equipment	-141	-134	-93	-87	-30	-30
Depreciation of right-of-use assets	-364	-378	-239	-245	-81	-86
Amortisation of other intangibles	-39	-30	-11	-11	-15	-17
Impairment of goodwill and other intangibles ²	-	-67	-	-14	-	-53
EBIT	1,825	790	768	349	498	218
Financial income	9	4				
Financial expenses	-15	-16				
Result from joint ventures and associates	4	2				
Earnings before tax (EBT)	1,823	780				
Income tax	-481	-205				
Earnings for the period	1,342	575				
Attributable to:						
Equity holders of the parent company	1,313	574				
Non-controlling interests	29	1				
Earnings for the period	1,342	575				
Additional information not regularly reported to CODM						
Capital expenditure property, plant and equipment	141	123	109	93	17	20
Capital expenditure right-of-use assets	323	294	214	198	57	50
Capital expenditure other intangibles	7	6	6	5	1	-
Property, plant and equipment, goodwill and intangibles through business combinations	1,308	38	18	38	237	-

¹ In Q3 2020, total expenses include an income from the release of unused contingent consideration liability of CHF 116 million in the business unit Air Logistics (region Americas).

² Q2 2020 includes a write-off of CHF 14 million of goodwill in assets held for sale in the business unit Contract Logistics (region EMEA) and an impairment of other intangibles (customer lists) in the business unit Air Logistics (region Americas) of CHF 53 million.

12. Fair value of financial assets and liabilities

As of September 30, 2021				
CHF million	Financial assets at FVPL	Financial assets at amortised cost	Total carrying amount	Total fair value
Trade receivables	–	5,381	5,381	5,381
Other receivables	4	136	140	140
Total	4	5,517	5,521	5,521

CHF million	Financial liabilities at FVPL	Financial liabilities at amortised cost	Total carrying amount	Total fair value
Borrowings	–	400	400	402
Bank and other interest-bearing liabilities	–	7	7	7
Trade payables	–	2,535	2,535	2,535
Accrued trade expenses	–	1,907	1,907	1,907
Contingent and deferred consideration liabilities	302	8	310	310
Put option to non-controlling interests	–	1,167	1,167	1,167
Other liabilities	1	265	266	266
Total	303	6,289	6,592	6,594

As of December 31, 2020				
CHF million	Financial assets at FVPL	Financial assets at amortised cost	Total carrying amount	Total fair value
Trade receivables	–	3,412	3,412	3,412
Other receivables	6	106	112	112
Total	6	3,518	3,524	3,524

CHF million	Financial liabilities at FVPL	Financial liabilities at amortised cost	Total carrying amount	Total fair value
Borrowings	–	400	400	400
Bank and other interest-bearing liabilities	–	2	2	2
Trade payables	–	1,875	1,875	1,875
Accrued trade expenses	–	1,338	1,338	1,338
Contingent consideration liabilities	52	–	52	52
Other liabilities	–	232	232	232
Total	52	3,847	3,899	3,899

The fair values of financial assets and liabilities carried at amortised cost are approximately equal to the carrying amounts.

No significant impact resulted from the remeasurement of the liabilities measured at fair value through profit and loss (FVPL) in the first nine months 2021.

In the first nine months 2021, the additions to Level 3 financial liabilities relate to contingent consideration liabilities of CHF 242 million in connection with the acquisition of Apex (refer to note 9 for further details).

Level 3 fair values

CHF million	Contingent consideration liabilities
Balance as of January 1, 2021	52
Additions through business combinations	242
Utilised for settlements	-4
Total unrealised (gains)/losses included in the income statement	
- Discount unwind and foreign exchange revaluation - recorded within financial expenses	9
Total (gains)/losses included in other comprehensive income	
Effects of movements in foreign exchange	3
Balance as of September 30, 2021	302
of which	
- Current portion	134
- Non-current portion	168

13. Equity

The annual general meeting of May 5, 2020 approved the increase in authorised capital of the Company in the amount of CHF 20,000,000, consisting of 20,000,000 registered shares with a nominal value of CHF 1.00 each. The board of directors issued 753,783 registered shares out of the authorised capital with a nominal value of CHF 1.00 each and increased the share capital from previously CHF 120,000,000 by CHF 753,783 to CHF 120,753,783. The difference between the nominal value (CHF 1.00

per share) and the fair value of the issued shares (CHF 277.00 per share) in the amount of CHF 206 million net of transaction costs of CHF 2 million was credited to the share premium.

In the first nine months of 2021, the Company matched 124,730 treasury shares (2020: 67,506) under the share-based compensation plans. The Company did not sell or purchase any treasury shares in the first nine months of 2021 (2020: 277,457 purchased for CHF 36 million).

14. Employees

Number	Sep. 30, 2021	Sep. 30, 2020
EMEA	48,446	55,100
Americas	16,777	14,395
Asia-Pacific	10,942	8,688
Total employees	76,165	78,183
Full-time equivalents of employees	71,338	71,780
Full-time equivalents of temporary staff	21,807	20,403
Full-time equivalents (total)	93,145	92,183

15. Capital expenditure

From January to September 2021, the capital expenditure on property, plant and equipment (excluding other intangible assets and property, plant and equipment from acquisitions) was CHF 141 million (2020: CHF 123 million) and the non-cash capital expenditure on right-of-use assets (excluding right-of-use assets from acquisitions) was CHF 323 million (2020: CHF 294 million).

16. Legal claims

The status of proceedings, disclosed in the notes 36 and 41 to the consolidated financial statements for the year ended December 31, 2020, has not changed materially.

17. Post balance sheet events

There have been no material events between September 30, 2021, and the date of authorisation that would require adjustments of the condensed consolidated interim financial statements or disclosure.

These unaudited condensed consolidated interim financial statements of Kuehne + Nagel International AG were authorised for issue by the Audit Committee of the Group on October 19, 2021.

Financial calendar

March 2, 2022	Full year results 2021
April 26, 2022	Three-months 2022 results
May 3, 2022	Annual general meeting
July 25, 2022	Half-year 2022 results
October 25, 2022	Nine-months 2022 results

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