

Quarterly Report 2023

**Condensed
Consolidated
Interim Financial
Statements 2023
(unaudited)**

January – March 2023

Contents

Income statement	4
Statement of comprehensive income	5
Balance sheet	6
Statement of changes in equity	8
Cash flow statement	10
Notes to the condensed consolidated interim financial statements	12
Financial calendar	21

Schindellegi, April 24, 2023

Income statement

CHF million	January – March		
	2023	2022	Variance in per cent
Net turnover	6,748	10,158	-33.6
Net expenses for services from third parties	-4,354	-7,216	
Gross profit	2,394	2,942	-18.6
Personnel expenses	-1,236	-1,288	
Selling, general and administrative expenses	-368	-351	
Other operating income/expenses, net	13	3	
EBITDA	803	1,306	-38.5
Depreciation of property, plant and equipment	-43	-43	
Depreciation of right-of-use assets	-134	-124	
Amortisation of other intangibles	-14	-19	
EBIT	612	1,120	-45.4
Financial income	20	11	
Financial expenses	-5	-4	
Result from joint ventures and associates	1	1	
Earnings before tax (EBT)	628	1,128	-44.3
Income tax	-166	-296	
Earnings	462	832	-44.5
Attributable to:			
Equity holders of the parent company	456	783	-41.8
Non-controlling interests	6	49	
Earnings	462	832	-44.5
Basic earnings per share in CHF	3.83	6.53	-41.3
Diluted earnings per share in CHF	3.81	6.50	-41.4

Statement of comprehensive income

CHF million	January - March	
	2023	2022
Earnings	462	832
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Foreign exchange differences	-44	64
Items that will not be reclassified to profit or loss:		
Actuarial gains/(losses) on defined benefit plans	-5	67
Income tax on actuarial gains/(losses) on defined benefit plans	1	-17
Total other comprehensive income, net of tax	-48	114
Total comprehensive income	414	946
Attributable to:		
Equity holders of the parent company	411	887
Non-controlling interests	3	59

Balance sheet

CHF million	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2022
Assets			
Property, plant and equipment	749	739	743
Right-of-use assets	1,497	1,418	1,489
Goodwill	2,187	2,199	2,322
Other intangibles	166	180	236
Investments in joint ventures and associates	37	37	32
Deferred tax assets	223	220	219
Non-current assets	4,859	4,793	5,041
Prepayments	187	112	196
Contract assets	384	540	765
Trade receivables	4,445	5,291	6,340
Other receivables	204	215	138
Income tax receivables	26	22	15
Cash and cash equivalents	3,979	3,778	3,109
Current assets	9,225	9,958	10,563
Total assets	14,084	14,751	15,604

CHF million	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2022
Liabilities and equity			
Share capital	121	121	121
Reserves and retained earnings	3,793	1,375	2,928
Earnings	456	2,644	783
Equity attributable to the equity holders of the parent company	4,370	4,140	3,832
Non-controlling interests	7	7	8
Equity	4,377	4,147	3,840
Provisions for pension plans and severance payments	258	252	310
Deferred tax liabilities	97	98	138
Borrowings	200	200	200
Non-current provisions	65	59	54
Other non-current liabilities	1,151	1,159	1,087
Non-current lease liabilities	1,086	1,026	1,093
Non-current liabilities	2,857	2,794	2,882
Bank and other interest-bearing liabilities	19	8	227
Trade payables	2,200	2,731	2,860
Contract liabilities	262	280	259
Accrued trade expenses	1,674	1,976	2,350
Income tax liabilities	451	493	581
Current provisions	110	118	91
Other current liabilities	1,640	1,738	2,049
Current lease liabilities	494	466	465
Current liabilities	6,850	7,810	8,882
Total liabilities and equity	14,084	14,751	15,604

Schindellegi, April 24, 2023

Kuehne + Nagel International AG

Stefan Paul
CEOMarkus Blanka-Graff
CFO

Statement of changes in equity

CHF million	Share capital	Share premium	
Balance as of January 1, 2023	121	606	
Earnings	-	-	
Other comprehensive income			
Foreign exchange differences	-	-	
Actuarial gains/(losses) on defined benefit plans, net of tax	-	-	
Total other comprehensive income, net of tax	-	-	
Total comprehensive income	-	-	
Purchase of treasury shares ¹	-	-	
Dividend paid	-	-	
Expenses for share-based compensation plans	-	-	
Transaction with non-controlling interests ²	-	-	
Balance as of March 31, 2023	121	606	

¹ Refer to note 12 for further details.

² The movement in retained earnings relates to a written put option on non-controlling interests in connection with the Apex acquisition, see note 40 of the consolidated financial statements for the year ended December 31, 2022.

CHF million	Share capital	Share premium	
Balance as of January 1, 2022	121	651	
Earnings	-	-	
Other comprehensive income			
Foreign exchange differences	-	-	
Actuarial gains/(losses) on defined benefit plans, net of tax	-	-	
Total other comprehensive income, net of tax	-	-	
Total comprehensive income	-	-	
Purchase of treasury shares ¹	-	-	
Expenses for share-based compensation plans	-	-	
Transaction with non-controlling interests ²	-	-	
Balance as of March 31, 2022	121	651	

¹ Refer to note 12 for further details.

² The movement in retained earnings relates to written put options on non-controlling interests in connection with the Apex acquisition, see note 40 of the consolidated financial statements for the year ended December 31, 2022.

Treasury shares	Cumulative translation adjustment	Actuarial gains/ (losses)	Retained earnings	Total equity attributable to the equity holders of parent company	Non-controlling interests	Total equity
-270	-1,406	-65	5,154	4,140	7	4,147
-	-	-	456	456	6	462
-	-41	-	-	-41	-3	-44
-	-	-4	-	-4	-	-4
-	-41	-4	-	-45	-3	-48
-	-41	-4	456	411	3	414
-206	-	-	-	-206	-	-206
-	-	-	-	-	-1	-1
-	-	-	6	6	-	6
-	-3	-	22	19	-2	17
-476	-1,450	-69	5,638	4,370	7	4,377

Treasury shares	Cumulative translation adjustment	Actuarial gains/ (losses)	Retained earnings	Total equity attributable to the equity holders of parent company	Non-controlling interests	Total equity
-93	-1,214	-144	3,883	3,204	7	3,211
-	-	-	783	783	49	832
-	54	-	-	54	10	64
-	-	50	-	50	-	50
-	54	50	-	104	10	114
-	54	50	783	887	59	946
-263	-	-	-	-263	-	-263
-	-	-	6	6	-	6
-	10	-	-12	-2	-58	-60
-356	-1,150	-94	4,660	3,832	8	3,840

Cash flow statement

CHF million	Note	January – March		
		2023	2022	Variance
Cash flow from operating activities				
Earnings		462	832	
Adjustments to reconcile earnings to net cash flows:				
Income tax		166	296	
Financial income		-20	-11	
Financial expenses		5	4	
Result from joint ventures and associates		-1	-1	
Depreciation of property, plant and equipment		43	43	
Depreciation of right-of-use assets		134	124	
Amortisation of other intangibles		14	19	
Expenses for share-based compensation plans		6	6	
(Gain)/loss on disposal of property, plant and equipment, net		-10	-2	
Net addition to provisions for pension plans and severance payments		-	2	
Subtotal operational cash flow		799	1,312	-513
(Increase)/decrease contract assets		154	-65	
(Increase)/decrease trade and other receivables, prepayments		762	94	
Increase/(decrease) provisions		-3	9	
Increase/(decrease) other liabilities		-86	33	
Increase/(decrease) trade payables, contract liabilities and accrued trade expenses		-838	-30	
Income taxes paid		-213	-163	
Total cash flow from operating activities		575	1,190	-615

CHF million	Note	January - March		
		2023	2022	Variance
Cash flow from investing activities				
Capital expenditure				
- Property, plant and equipment		-73	-41	
- Other intangibles		-1	-4	
Disposal of property, plant and equipment		39	17	
Dividend received from joint ventures and associates		1	1	
Interest received		9	1	
Total cash flow from investing activities		-25	-26	1
Cash flow from financing activities				
Repayment of lease liabilities		-136	-125	
Interest paid on borrowings and other interest-bearing liabilities		-1	-3	
Interest paid on lease liabilities		-4	-2	
Purchase of treasury shares	12	-206	-263	
Dividend paid to non-controlling interests		-1	-	
Total cash flow from financing activities		-348	-393	45
Foreign exchange difference on cash and cash equivalents		-12	11	-23
Increase/(decrease) in cash and cash equivalents		190	782	-592
Cash and cash equivalents at the beginning of the period, net		3,770	2,300	1,470
Cash and cash equivalents at the end of the period, net		3,960	3,082	878

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 three months ended March 31, 2023, comprise the Company, its subsidiaries (the Group) and its interests in joint ventures and associates.

The Group voluntarily presents a balance sheet as of March 31, 2022.

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, 2022.

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, 2022.

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, 2022. 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, improvements and interpretations apply for the first time in 2023, but do not have a material impact on the condensed consolidated interim financial statements of the Group.

5. 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. – Mar. 2023 CHF	Jan. – Mar. 2022 CHF	Variance in per cent
EUR 1.-	0.9941	1.0357	-4.0
USD 1.-	0.9274	0.9228	0.5

Balance sheet

(period end rates)

Currency	Mar. 2023 CHF	Mar. 2022 CHF	Variance in per cent	Dec. 2022 CHF
EUR 1.-	0.9935	1.0253	-3.1	0.9898
USD 1.-	0.9176	0.9345	-1.8	0.9298

6. Seasonality

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

7. Changes in the scope of consolidation

There were no major changes in the scope of consolidation in the first three months of 2023 and 2022.

8. Acquisitions

The Group did not acquire any material business in the first three months of 2023 and 2022.

9. Divestments

The Group did not divest any business in the first three months of 2023 and 2022.

10. 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 – March

CHF million	Total Group		Sea Logistics		Air Logistics	
	2023	2022	2023	2022	2023	2022
Turnover (external customers)	7,527	11,090	3,025	5,363	2,009	3,303
Customs duties and taxes	-779	-932	-358	-506	-147	-157
Net turnover (external customers)	6,748	10,158	2,667	4,857	1,862	3,146
Inter-segment turnover	-	-	809	1,379	1,306	2,397
Net expenses for services	-4,354	-7,216	-2,790	-5,262	-2,680	-4,726
Gross profit	2,394	2,942	686	974	488	817
Total expenses	-1,591	-1,636	-336	-343	-316	-373
EBITDA	803	1,306	350	631	172	444
Depreciation of property, plant and equipment	-43	-43	-5	-6	-6	-6
Depreciation of right-of-use assets	-134	-124	-1	-1	-1	-1
Amortisation of other intangibles	-14	-19	-	-3	-11	-12
EBIT (segment profit)	612	1,120	344	621	154	425
Financial income	20	11				
Financial expenses	-5	-4				
Result from joint ventures and associates	1	1				
Earnings before tax (EBT)	628	1,128				
Income tax	-166	-296				
Earnings	462	832				
Attributable to:						
Equity holders of the parent company	456	783				
Non-controlling interests	6	49				
Earnings	462	832				
Additional information not regularly reported to CODM						
Allocation of goodwill	2,187	2,322	134	149	1,358	1,450
Allocation of other intangibles	166	236	-	-	149	207
Capital expenditure property, plant and equipment	73	41	8	5	11	4
Capital expenditure right-of-use assets	206	202	7	16	7	6
Capital expenditure other intangibles	1	4	1	2	-	1

b) Geographical information

January – March

CHF million	Total Group		EMEA		Americas	
	2023	2022	2023	2022	2023	2022
Turnover (external customers)	7,527	11,090	4,286	5,759	2,309	3,728
Customs duties and taxes	-779	-932	-568	-685	-163	-198
Net turnover (external customers)	6,748	10,158	3,718	5,074	2,146	3,530
Inter-regional turnover	-	-	1,345	1,763	458	601
Net expenses for services	-4,354	-7,216	-3,645	-5,330	-1,966	-3,379
Gross profit	2,394	2,942	1,418	1,507	638	752
Total expenses	-1,591	-1,636	-996	-995	-416	-414
EBITDA	803	1,306	422	512	222	338
Depreciation of property, plant and equipment	-43	-43	-30	-28	-8	-8
Depreciation of right-of-use assets	-134	-124	-91	-82	-30	-28
Amortisation of other intangibles	-14	-19	-3	-4	-4	-8
EBIT	612	1,120	298	398	180	294
Financial income	20	11				
Financial expenses	-5	-4				
Result from joint ventures and associates	1	1				
Earnings before tax (EBT)	628	1,128				
Income tax	-166	-296				
Earnings	462	832				
Attributable to:						
Equity holders of the parent company	456	783				
Non-controlling interests	6	49				
Earnings	462	832				
Additional information not regularly reported to CODM						
Capital expenditure property, plant and equipment	73	41	49	28	17	8
Capital expenditure right-of-use assets	206	202	154	120	36	57
Capital expenditure other intangibles	1	4	1	2	-	2

	Asia-Pacific		Eliminations	
	2023	2022	2023	2022
	932	1,603	-	-
	-48	-49	-	-
	884	1,554	-	-
	744	1,847	-2,547	-4,211
	-1,290	-2,718	2,547	4,211
	338	683	-	-
	-179	-227	-	-
	159	456	-	-
	-5	-7	-	-
	-13	-14	-	-
	-7	-7	-	-
	134	428	-	-
	7	5	-	-
	16	25	-	-
	-	-	-	-

11. Fair value of financial assets and liabilities

As of March 31, 2023

CHF million	Financial assets at FVPL	Financial assets at amortised cost	Total carrying amount	Total fair value
Trade receivables	–	4,445	4,445	4,445
Other receivables	17	187	204	204
Total	17	4,632	4,649	4,649

CHF million	Financial liabilities at FVPL	Financial liabilities at amortised cost	Total carrying amount	Total fair value
Bank and other interest-bearing liabilities	–	19	19	19
Borrowings	–	200	200	191
Trade payables	–	2,200	2,200	2,200
Accrued trade expenses	–	1,674	1,674	1,674
Contingent consideration liabilities	164	–	164	164
Put option to non-controlling interest	–	1,376	1,376	1,376
Other liabilities	2	265	267	267
Total	166	5,734	5,900	5,891

As of December 31, 2022

CHF million	Financial assets at FVPL	Financial assets at amortised cost	Total carrying amount	Total fair value
Trade receivables	–	5,291	5,291	5,291
Other receivables	22	193	215	215
Total	22	5,484	5,506	5,506

CHF million	Financial liabilities at FVPL	Financial liabilities at amortised cost	Total carrying amount	Total fair value
Bank and other interest-bearing liabilities	–	8	8	8
Borrowings	–	200	200	191
Trade payables	–	2,731	2,731	2,731
Accrued trade expenses	–	1,976	1,976	1,976
Contingent consideration liabilities	166	–	166	166
Put option to non-controlling interest	–	1,393	1,393	1,393
Other liabilities	–	254	254	254
Total	166	6,562	6,728	6,719

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

Level 3 financial liabilities include contingent consideration liabilities of CHF 164 million (2022: CHF 166 million).

Further, the put option to non-controlling interest represents the short and long-term portion of the redemption liability recognised in connection with the acquisition and divestment of Apex (refer to note 40 of the consolidated financial statements for the year

ended December 31, 2022, for further details). At the balance sheet date, the carrying amount of the put option liability amounted to CHF 1,376 million (2022: CHF 1,393 million) and is recognised in the balance sheet items "Other current liabilities" and "Other non-current liabilities".

No significant impact resulted from the remeasurement of the liabilities measured at fair value through profit and loss (FVPL) in the first three months 2023.

Level 3 fair values

CHF million	Contingent consideration liabilities
Balance as of January 1, 2023	166
Total unrealised (gains)/losses included in the income statement	
- Foreign exchange revaluation - recorded within financial expenses	-2
Total (gains)/losses included in other comprehensive income	
Balance as of March 31, 2023	164
of which	
- Current portion	81
- Non-current portion	83

12. Equity

In the first three month of 2023, the Company purchased 852,870 own shares for CHF 206 million (2022: 981,843 own shares for CHF 263 million).

13. Employees

Number	Mar. 31, 2023	Mar. 31, 2022
EMEA	49,435	49,325
Americas	18,945	17,638
Asia-Pacific	11,553	11,541
Total employees	79,933	78,504
Full-time equivalents of employees	74,973	73,914
Full-time equivalents of temporary staff	18,172	18,597
Full-time equivalents (total)	93,145	92,511

14. Capital expenditure

From January to March 2023, the capital expenditure on property, plant and equipment (excluding other intangible assets and property, plant and equipment from acquisitions) was CHF 73 million (2022: CHF 41 million) and the non-cash capital expenditure on right-of-use assets (excluding right-of-use assets from acquisitions) was CHF 206 million (2022: CHF 202 million).

15. Legal claims

The status of proceedings, disclosed in the notes 36 and 41 to the consolidated financial statements for the year ended December 31, 2022, has not changed materially.

16. Post balance sheet events

There have been no material events between March 31, 2023, 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 April 24, 2023.

Financial calendar

May 9, 2023	Annual general meeting
July 25, 2023	Half-year 2023 results
October 25, 2023	Nine-months 2023 results
March 1, 2024	Full year 2023 results

Kuehne + Nagel International AG
Kuehne + Nagel House
P.O. Box 67
CH-8834 Schindellegi
+41 (0) 44 786 95 11
www.kuehne-nagel.com

KUEHNE+NAGEL 