

Consolidated Financial Statements 2021

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Consolidated financial statements 2021 of the Kuehne+Nagel Group

Income statement

CHF million	Note	2021	2020	Variance in per cent
Net turnover	19	32,801	20,382	60.9
Net expenses for services from third parties		-22,905	-12,907	
Gross profit	19	9,896	7,475	32.4
Personnel expenses	20	-4,922	-4,443	
Selling, general and administrative expenses	21	-1,293	-1,268	
Other operating income/expenses, net	22	-2	156	
EBITDA		3,679	1,920	91.6
Depreciation of property, plant and equipment	26	-192	-185	
Depreciation of right-of-use assets	27	-485	-506	
Amortisation of other intangibles	28	-56	-40	
Impairment of assets	28/40/47	-	-119	
EBIT		2,946	1,070	175.3
Financial income	23	14	9	
Financial expenses	23	-20	-22	
Result from joint ventures and associates		5	2	
Earnings before tax (EBT)		2,945	1,059	178.1
Income tax	24	-790	-270	
Earnings for the year		2,155	789	173.1
Attributable to:				
Equity holders of the parent company		2,032	788	157.9
Non-controlling interests		123	1	
Earnings for the year		2,155	789	173.1
Basic earnings per share in CHF	25	16.92	6.59	156.8
Diluted earnings per share in CHF	25	16.88	6.57	156.9

Statement of comprehensive income

CHF million	Note	2021	2020
Earnings for the year		2,155	789
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange differences		16	-188
Gains/(losses) on cash flow hedges		-28	-
Items that will not be reclassified to profit or loss:			
Actuarial gains/(losses) on defined benefit plans	33/24	31	-8
Income tax on actuarial gains/(losses) on defined benefit plans	24	-7	1
Total other comprehensive income, net of tax		12	-195
Total comprehensive income for the year		2,167	594
Attributable to:			
Equity holders of the parent company		2,036	593
Non-controlling interests		131	1

Balance sheet

CHF million	Note	Dec, 31, 2021	Dec, 31, 2020
Assets			
Property, plant and equipment	26	766	797
Right-of-use assets	27	1,409	1,500
Goodwill	28	2,290	1,155
Other intangibles	28	247	101
Investments in joint ventures and associates		31	12
Deferred tax assets	24	226	250
Non-current assets		4,969	3,815
Prepayments		146	82
Contract assets	29	693	259
Trade receivables	29	6,404	3,412
Other receivables	30	113	112
Income tax receivables		20	40
Cash and cash equivalents	31	2,305	1,697
Assets held for sale	40	–	434
Current assets		9,681	6,036
Total assets		14,650	9,851

CHF million	Note	Dec. 31, 2021	Dec. 31, 2020
Liabilities and equity			
Share capital		121	120
Reserves and retained earnings		1,051	1,499
Earnings for the year		2,032	788
Equity attributable to the equity holders of the parent company		3,204	2,407
Non-controlling interests		7	6
Equity	32	3,211	2,413
Provisions for pension plans and severance payments	33	379	431
Deferred tax liabilities	24	136	61
Borrowings	35	200	400
Non-current provisions	36	44	35
Other non-current liabilities	38	1,311	52
Non-current lease liabilities	27	1,053	1,150
Non-current liabilities		3,123	2,129
Bank and other interest-bearing liabilities	35	205	2
Trade payables	37	2,994	1,875
Contract liabilities	37	223	87
Accrued trade expenses	37	2,200	1,338
Income tax liabilities		440	164
Current provisions	36	91	86
Other current liabilities	39	1,732	905
Current lease liabilities	27	431	433
Liabilities directly associated with the assets held for sale	40	-	419
Current liabilities		8,316	5,309
Total liabilities and equity		14,650	9,851

Schindellegi, March 1, 2022

Kuehne + Nagel International AG
Dr. Detlef Trefzger Markus Blanka-Graff
CEO CFO

Statement of changes in equity

CHF million	Note	Share capital	Share premium	Treasury shares
Balance as of January 1, 2021		120	459	-55
Earnings for the year		-	-	-
Other comprehensive income				
Foreign exchange differences		-	-	-
Gains/(losses) on cash flow hedges		-	-	-
Actuarial gains/(losses) on defined benefit plans, net of tax	33/24	-	-	-
Total other comprehensive income, net of tax		-	-	-
Total comprehensive income for the year		-	-	-
Purchase of treasury shares	32	-	-	-59
Disposal of treasury shares	32	-	-13	21
Capital increase	32	1	205	-
Dividend paid	32	-	-	-
Expenses for share-based compensation plans	34	-	-	-
Transfer of cash flow hedge reserve to investments		-	-	-
Acquisition of subsidiaries with non-controlling interests	40	-	-	-
Sale of interest without loss of control	40	-	-	-
Transaction with non-controlling interests	40	-	-	-
Balance as of December 31, 2021		121	651	-93

CHF million	Note	Share capital	Share premium	Treasury shares
Balance as of January 1, 2020		120	469	-28
Earnings for the year		-	-	-
Other comprehensive income				
Foreign exchange differences		-	-	-
Actuarial gains/(losses) on defined benefit plans, net of tax	33/24	-	-	-
Total other comprehensive income, net of tax		-	-	-
Total comprehensive income for the year		-	-	-
Purchase of treasury shares	32	-	-	-37
Disposal of treasury shares	32	-	-10	10
Dividend paid	32	-	-	-
Expenses for share-based compensation plans	34	-	-	-
Balance as of December 31, 2020		120	459	-55

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
-1,230	-168	-	3,281	2,407	6	2,413
-	-	-	2,032	2,032	123	2,155
8	-	-	-	8	8	16
-	-	-28	-	-28	-	-28
-	24	-	-	24	-	24
8	24	-28	-	4	8	12
8	24	-28	2,032	2,036	131	2,167
-	-	-	-	-59	-	-59
-	-	-	-	8	-	8
-	-	-	-	206	-	206
-	-	-	-538	-538	-1	-539
-	-	-	16	16	-	16
-	-	28	-	28	-	28
-	-	-	-	-	47	47
-	-	-	-42	-42	414	372
8	-	-	-866	-858	-590	-1,448
-1,214	-144	-	3,883	3,204	7	3,211

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
-1,042	-161	-	2,958	2,316	6	2,322
-	-	-	788	788	1	789
-188	-	-	-	-188	-	-188
-	-7	-	-	-7	-	-7
-188	-7	-	-	-195	-	-195
-188	-7	-	788	593	1	594
-	-	-	-	-37	-	-37
-	-	-	-	-	-	-
-	-	-	-478	-478	-1	-479
-	-	-	13	13	-	13
-1,230	-168	-	3,281	2,407	6	2,413

Cash flow statement

CHF million	Note	2021	2020
Cash flow from operating activities			
Earnings for the year		2,155	789
Adjustments to reconcile earnings for the year to net cash flows:			
Income tax	24	790	270
Financial income	23	-14	-9
Financial expenses	23	20	22
Result from joint ventures and associates		-5	-2
Depreciation of property, plant and equipment	26	192	185
Depreciation of right-of-use assets	26/27	485	506
Amortisation of other intangibles	28	56	40
Impairment of assets	28/40/47	-	119
Expenses for share-based compensation plans	34	16	13
(Gain)/loss on disposal of property, plant and equipment, net	22	-1	-25
Net addition to provisions for pension plans and severance payments	33	-6	-4
Subtotal operational cash flow		3,688	1,904
(Increase)/decrease contract assets		-452	-63
(Increase)/decrease trade and other receivables, prepayments		-2,701	-74
Increase/(decrease) provisions		-8	27
Increase/(decrease) other liabilities		336	-123
Increase/(decrease) trade payables, contract liabilities and accrued trade expenses		2,085	353
Income taxes paid		-486	-306
Total cash flow from operating activities		2,462	1,718

CHF million	Note	2021	2020
Cash flow from investing activities			
Capital expenditure			
– Property, plant and equipment	26	-197	-177
– Other intangibles	28	-7	-9
Disposal of property, plant and equipment		22	430
(Acquisition)/divestment of businesses, net of cash (acquired)/disposed	40	-898	-35
Settlement of deferred/contingent considerations from business combinations		-4	-53
Capital (contributions to)/distributions from joint ventures and associates		-4	-3
Dividend received from joint ventures and associates		4	2
Interest received		4	3
Total cash flow from investing activities		-1,080	158
Cash flow from financing activities			
Proceeds from sale of interest without loss of control	40	372	-
Repayment of other interest-bearing liabilities		-61	-1
Repayment of lease liabilities	27	-493	-497
Interest paid on borrowings and other interest-bearing liabilities		-10	-8
Interest paid on lease liabilities	27	-10	-14
Purchase of treasury shares	32	-59	-37
Dividend paid to equity holders of parent company	32	-538	-478
Dividend paid to non-controlling interests		-1	-1
Total cash flow from financing activities		-800	-1,036
Foreign exchange difference on cash and cash equivalents		5	-31
Increase/(decrease) in cash and cash equivalents		587	809
Cash and cash equivalents at the beginning of the year, net	31	1,713	904
Cash and cash equivalents at the end of the year, net	31	2,300	1,713

Notes to the consolidated financial statements

Accounting policies

1 Organisation

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

The consolidated financial statements of the Company for the year ended December 31, 2021, comprise the Company, its subsidiaries (the Group), its interests in joint ventures and associates.

2 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

3 Basis of preparation

The consolidated financial statements are presented in Swiss Francs (CHF) million and are based on the individual financial statements of the consolidated companies as of December 31, 2021. Those financial statements have been prepared in accordance with uniform accounting policies issued by the Group, which comply with the requirements of the International Financial Reporting Standards (IFRS) and Swiss law (Swiss Code of Obligations). The consolidated financial statements are prepared on a historical cost basis except for certain financial instruments, which are stated at fair value.

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The actual result may differ from these estimates. Judgements made by the management in the application of IFRS that have a significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the future are shown in note 47.

The accounting policies applied in the preparation of the consolidated financial statements are consistent with those followed

in the preparation of the Group's consolidated financial statements for the year ended December 31, 2020, except for the adoption of new standards, interpretations and amendments effective as of January 1, 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Adoption of new and revised standards and interpretations in 2022 and later

The following new, revised and amended standards and interpretations have been issued but are not yet effective and not applied early in the consolidated financial statements of the Group. The assessment by the group management shows the expected effects as disclosed in the table below.

Standard/interpretation	Effective date	Planned application
Annual improvements to IFRS Standards 2018 – 2020 ¹	January 1, 2022	Reporting year 2022
Property, Plant and Equipment – Proceeds before intended use with Amendments to IAS 16 ¹	January 1, 2022	Reporting year 2022
Onerous contracts – Cost of fulfilling a contract – Amendments to IAS 37 ¹	January 1, 2022	Reporting year 2022
Reference to the Conceptual Framework – Amendments to IFRS 3 the Conceptual Framework in IFRS Standards ¹	January 1, 2022	Reporting year 2022
Amendments to the classification of liabilities as current or non-current – Amendments to IAS 1 ¹	January 1, 2023	Reporting year 2023
IFRS 17 Insurance Contracts ¹	January 1, 2023	Reporting year 2023
Definition of Accounting Estimates – Amendments to IAS 8 ¹	January 1, 2023	Reporting year 2023
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2 ¹	January 1, 2023	Reporting year 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 ¹	January 1, 2023	Reporting year 2023

¹ No or no significant impacts are expected on the consolidated financial statements.

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, worldwide spread. Various governments introduced and continue to apply containment measures in order to reduce the number of new infections. Since then, the Kuehne+Nagel Group put in place

specific precautionary measures to provide safe working environments for its employees and to maintain business continuity. Dedicated teams at global, regional and local levels continuously monitored the situation and continue to do so. The Group adapts the measures based on the most recent guidance of governments and other relevant authorities.

Throughout 2021, the Group observed and was exposed to disruptive supply chain events related to ship, port and trucking operations as well as container availability. Significant capacity was absorbed by large numbers of ships waiting in front of ports for their port calls. The resultant delays in port handling and inland container movements have created substantial disruptions and congestions in global supply chains. This situation, and the scarcity of airfreight capacity, led to a steep increase in freight rates. For these consolidated financial statements, the impact of the COVID-19 pandemic and containment measures taken by various governments are considered. Assessments for the future are based on various scenarios, taking into account the prevailing situation of uncertainty. In this context, making forecasts remains especially difficult.

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 1.91 per cent as of December 31, 2021, compared to 2.39 per cent as of December 31, 2020.

The Group closely monitors the business performance and the financial results of its recent acquisitions, for which performance based earn-outs have been agreed to be paid in the future. In the context of potential further disruptions or expansion of service offerings or acquisitions, the Kuehne+Nagel Group has successfully extended its revolving credit facility of CHF 750 million until April 24, 2024.

4 Scope of consolidation

The Group's significant consolidated subsidiaries and joint ventures are listed on pages 113 to 122.

Changes in the scope of consolidation in 2021 relate to the following companies (for further information on the financial impact of the acquisitions and divestments refer to note 40):

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	100	September 1, 2021
Divestments		
Pluto Holdings Logistics Ltd., Great Britain	100	January 1, 2021
Kuehne + Nagel Drinkflow Log. (Holdings) Ltd., Great Britain	100	January 1, 2021
Kuehne + Nagel Drinks Logistics Ltd., Great Britain	100	January 1, 2021
Kuehne + Nagel Drinkflow Logistics Ltd., Great Britain	100	January 1, 2021
Apex International Corporation Group ¹	24.9	August 12, 2021

¹ The Group had 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 note 40 for details to the acquisitions and divestments.

Changes in the scope of consolidation for the year 2020 are related to the following companies (for further information on the financial impact of the acquisitions refer to note 40):

2020

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

5 Principles of consolidation

Business combinations

Business combinations are accounted for by applying the acquisition method. The Group measures goodwill as the fair value of the consideration transferred (including the fair value of any previously held equity interest in the acquiree) and the recognised amount of any non-controlling interests in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. If the excess is negative, a bargain purchase gain is recognised immediately in the income statement.

The Group elects on a transaction-by-transaction basis whether to measure non-controlling interests at its fair value or at its proportionate share of the recognised amount of the identifiable net assets at the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, equity interests issued by the Group, and the fair value of any contingent consideration. If the contingent consideration is classified as equity it is not re-measured, and

settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in the income statement. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the income statement.

Transaction costs other than those associated with the issue of debt or equity securities incurred in connection with a business combination are expensed as incurred.

Written put options held by non-controlling shareholders

If the Group has a potential obligation to purchase shares in a subsidiary from a non-controlling shareholder through a written put option, a liability is recognised at the present value of the redemption amount with a corresponding entry in equity. If a non-controlling shareholder still has present access to the economic benefits associated with the underlying ownership interest, the non-controlling interest in the subsidiary is 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.

Acquisitions and disposals of non-controlling interests

Changes in the parent's ownership interest in a subsidiary after having obtained control that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners, and the effect of such transactions is recognised in equity. No goodwill is recognised as a result of acquisition of

non-controlling interests, and no gain or loss on disposals of non-controlling interests is recognised in the income statement. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

Subsidiaries

The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are companies controlled, directly or indirectly, by the Group. Normally, this control is evidenced if the Group owns, either directly or indirectly, more than 50 per cent of the voting rights whereby potential voting rights are also considered. Subsidiaries are included in the consolidated financial statements by the full consolidation method as from the date on which control is transferred to the Group until the date control ceases. The non-controlling interests in equity as well as earnings for the period are reported separately in the consolidated financial statements.

Disposal of subsidiaries

When the Group ceases to have control over a subsidiary, it derecognises the assets and liabilities of the respective subsidiary as well as any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in the income statement. Amounts previously recognised in other comprehensive income are reclassified to the income statement. Any retained interests in the former subsidiary is remeasured to its fair value at the date when the control is lost.

Associates and joint ventures

Associates are companies over which the Group has significant influence but which it does not control. Significant influence is normally evidenced if the Group owns 20 per cent or more of the

voting or potential voting rights. Joint ventures are contractual arrangements in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are initially recognised at cost, including transaction costs. Subsequent to initial recognition, the Group's share of the profit or loss and other comprehensive income of associates and joint ventures is included in the Group's financial statements, until the date significant influence or joint control ceases.

Transactions eliminated on consolidation

Intra-group balances, transactions, income and expenses are eliminated in preparing the consolidated financial statements.

Foreign exchange translation

Financial statements of consolidated companies are prepared in their respective functional currencies and translated into CHF (the Group's presentation currency) as of year-end. Assets and liabilities, including goodwill and fair value adjustments arising on consolidation, are translated at year-end exchange rates and all items included in the income statement are translated at average exchange rates for the year, which approximate actual rates. Exchange differences originating from such translation are recognised in other comprehensive income.

Transactions in foreign currencies in individual subsidiaries are translated into the functional currency at actual rates of the transaction day. Monetary assets and liabilities are translated at year-end rates. Non-monetary assets and liabilities that are stated at historical cost are translated at actual rates of the transaction day. Non-monetary assets and liabilities that are stated at fair

value are translated at the rate at the date the values are determined. Exchange differences arising on the translation are included in the income statement.

Conversion rates of major foreign currencies are applied as follows:

Income statement and cash flow statement

(average rates for the year)

Currency	2021 CHF	2020 CHF	Variance in per cent
EUR 1.-	1.0809	1.0717	0.9
USD 1.-	0.9124	0.9408	-3.0

Balance sheet

(year-end rates)

Currency	Dec. 2021 CHF	Dec. 2020 CHF	Variance in per cent
EUR 1.-	1.0381	1.0865	-4.5
USD 1.-	0.9172	0.8895	3.1

6 Financial assets and liabilities

Financial assets

The Group measures and classifies its financial assets at amortised cost or at fair value through profit or loss.

The Group initially measures a financial asset at its fair value plus transaction costs, in the case of a financial asset not measured at fair value through profit and loss. Trade receivables are the only exception as they are initially measured in accordance with IFRS 15.

■ **Financial assets measured at *amortised cost***

A majority of the Group's financial assets are measured at amortised cost. The Group measures financial assets at amortised cost if both of the following conditions are met:

The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The assets are measured at the amount recognised at initial recognition minus principal repayments, plus or minus the cumulative amortisation of any difference between that initial amount and the maturity amount, and any loss allowance. Interest income is calculated using the effective interest method and is recognised in the income statement. Gains and losses are recognised in the income statement when the asset is derecognised or reclassified.

The Group recognises an allowance for the expected credit losses (ECL) on financial assets that are measured at amortised cost. For trade receivables and contract assets the Group applies the simplified approach in calculating the ECL (for more details refer to note 29).

■ **Financial assets measured at *fair value through profit or loss (FVPL)***

Financial assets, such as derivatives, are measured at fair value. Changes in fair value are recognised in the income statement as they arise.

No financial assets were measured at fair value through other comprehensive income (FVOCI) for the periods ended December 31, 2021 and December 31, 2020.

Financial liabilities

All financial liabilities are initially recognised at fair value minus, in the case of financial liabilities not at fair value through profit or loss, transactions costs. The Group measures and classifies its financial liabilities at amortised cost, unless they are measured at fair value through profit or loss such as derivatives and contingent considerations.

■ **Financial liabilities measured at *amortised cost***

The liabilities are measured at the amount recognised at initial recognition minus principal repayments, plus or minus the cumulative amortisation of any difference between the initial and the maturity amount. Interest expense is calculated using the effective interest method and is recognised in the income statement. Gains and losses are recognised in the income statement when the liability is derecognised or reclassified. A majority of the Group's financial liabilities are measured at amortised cost.

■ **Financial liabilities measured at *fair value through profit or loss (FVPL)***

Financial liabilities, such as derivatives and contingent consideration arrangements from business combinations classified as financial liabilities, are measured at fair value. Changes in fair value are recognised in the income statement as they arise.

Derivatives

Derivative financial instruments (foreign exchange contracts) are used to hedge foreign exchange exposures on outstanding balances in the Group's internal clearing system centralised at the head office. Given that the Group's hedging activities are limited to hedges of recognised foreign currency monetary items, the Group does not apply hedge accounting. Derivatives are measured at fair value through profit or loss, and all changes in fair value are recognised immediately in the income statement as part of financial income or expenses. All derivatives with a positive fair value are presented as derivative assets and included in the line "other receivables" on the balance sheet, while all derivatives with a negative fair value are presented as derivative liabilities and included in the line "other current liabilities".

7 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The depreciation is calculated on a straight line basis considering the expected useful life of the individual assets. The estimated useful lives for the major categories are:

Category	Years
Buildings	40
Vehicles	4–10
Leasehold improvements	5 or shorter lease term
Building installations	5
Office furniture	5
Office machines	4
IT hardware	3

If parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other expenditure is recognised in the income statement as an expense as incurred.

8 Leases

The Group as lessee recognises right-of-use assets and lease liabilities for most leases in the balance sheet.

Right-of-use assets are measured at cost, which include the lease liability, lease payments made prior to delivery, initial direct costs less lease incentives received. Subsequently, they are depreciated over the lease term generally on a straight line basis. If the lease transfers ownership of the underlying asset by the end of the lease term, the Group depreciates the right-of-use assets over the useful life of the underlying asset.

Lease liabilities include fixed payments, less lease incentive receivables, variable payments that depend on an index or rate, expected residual payments under residual value guarantees, the exercise price of a purchase option if it is reasonably certain that the option is exercised and payments of penalties of the lease term reflects the lessee exercising an option to terminate the lease. The lease payments are discounted using the incremental borrowing rate (IBR) where the rate implicit in the lease is not readily determinable. Subsequently, the carrying amount is increased by the interest on the lease liabilities and reduced by the lease payments made. The liabilities are remeasured to reflect a reassessment of the lease contract or contract modifications.

The Group does not recognise right-of-use assets and lease liabilities for short-term (lease duration of less than 12 months) and low value leases. These lease payments are expensed on a straight-line basis over the lease period.

The Group does not separate non-lease from lease components, but instead accounts for both as a single lease.

In case of **sale and leaseback transactions** that qualify as a sale, the Group measures the right-of-use asset from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right-of-use retained. Accordingly, only the amount of any gain or loss that relates to the rights transferred is recognised in the income statement. If the fair value of the consideration for the sale of the asset does not equal the fair value of the asset, or if the payments for the lease are not at market rates, the Group accounts for the difference as either prepayments or additional financing.

9 Intangibles

Goodwill

Goodwill arising from an acquisition represents the excess of fair value of the consideration transferred (including the fair value of any previously held equity interest in the acquiree) and the recognised amount of any non-controlling interests in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is tested annually for impairment at year-end. However, if there is an indication that goodwill could be impaired at any other point in time, an impairment test is performed.

Other intangibles

Other identifiable intangibles (i.e. software, customer lists, customer contracts, brands) purchased from third parties or acquired in a business combination are separately recognised as other intangibles and are stated at cost less accumulated amortisation and accumulated impairment losses. Other intangibles acquired in a business combination are recognised separately from goodwill if they are subject to contractual or legal rights or are separately transferable. Software is amortised over its estimated useful life, three years maximum. Other intangibles are amortised on a straight line basis over their estimated useful lives (up to ten years maximum). As of December 31, 2021 and 2020, there are no intangibles with indefinite useful lives recognised in the Group's balance sheet.

10 Impairment of non-financial assets

The carrying amounts of the Group's investments in associates and joint ventures, its intangibles, property, plant and equipment and right-of-use assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. Goodwill is tested for impairment every year. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Calculation of a recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and its value in use. In assessing value in use the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit the asset belongs to. For the purpose of the goodwill impairment testing, the cash-generating units are aggregated into the global business units.

Reversals of impairment losses

An impairment loss recognised for goodwill is not reversed. In respect to other assets, an impairment loss is reversed if there has

been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

11 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and in hand as well as short-term deposits and highly liquid investments with a term of three months or less from the date of acquisition that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. For the purpose of the consolidated cash flow statement, cash and cash equivalents consist also of bank overdrafts that are repayable on demand as they are forming an integral part of the Group's cash management.

12 Share capital

Shares

Incremental costs directly attributable to the issue of shares and share options are recognised as a deduction from equity.

Treasury shares

When equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting gain or loss on the transaction, net of any tax effects, is transferred to or from the share premium.

13 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event if it is probable that an outflow of resources will be required to settle the obligation and the amount of the obligation can be estimated reliably. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. A provision is classified in non-current liabilities in case the expected timing of the payment of the amounts provided for is more than one year.

14 Pension plans, severance payments and share-based compensation plans

Some consolidated companies maintain pension plans in favour of their personnel in addition to the legally required social insurance schemes. The pension plans partly exist as independent trusts and are classified as a defined contribution or a defined benefit plan.

Defined benefit plans

The aggregate of the present value of the defined benefit obligation and the fair value of plan assets for each plan is recorded in the Balance Sheet as net defined benefit liability or net defined benefit asset. The discount rate is the yield at the reporting date on "AA" credit-rated corporate bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which benefits are expected to be paid. The calculation is performed by an independent, qualified actuary using the projected unit credit method.

All actuarial gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income. Service cost and net interest income/expense is recognised in personnel expenses.

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised in the income statement as an expense in the periods during which services are rendered by the employees.

Severance payments

The Group provides severance benefits to employees as legally required in certain countries, which are accounted for as defined benefit plans and measured using the projected unit credit method with all actuarial gains and losses immediately recognised in the income statement.

Share-based compensation plans

The Company has various share matching plans (SMP) in place. These long-term incentive plans allow selected employees of the Group to invest at a specified date previously acquired shares of

the Company into the plan. These shares are blocked for three years whereby voting rights and rights to receive dividends remain intact with the holder of the shares.

For each invested share the Group will match additional shares upon completion of a three-year vesting period and service condition during the same period.

The fair value of shares matched under the SMP is recognised as a personnel expense with a corresponding increase in equity. The fair value of matched shares is equal to the market price at grant date reduced by the present value of the expected dividends during the vesting period and recognised as personnel expense over the relevant vesting periods. The amount expensed is adjusted to reflect actual and expected levels of vesting.

15 Revenue recognition

The Group generates its revenues from four principal services: 1) Sea Logistics, 2) Air Logistics, 3) Road Logistics, and 4) Contract Logistics. Revenues reported in each of these reportable segments include revenues generated from the principal service as well as revenues generated from ancillary services like customs clearance, export documentation, import documentation, door-to-door service, and arrangement of complex logistics supply movement, that are incidental to the principal service.

In Sea Logistics, Air Logistics and Road Logistics the Group generates the majority of its revenues by purchasing transportation services from direct (asset-based) carriers and selling a combination of those services to its customers. In its capacity of arranging carrier services, the Group issues a contract of carriage to customers. Revenues related to shipments are recognised based upon the terms in the contract of carriage and to the extent a service is completed. A typical shipment would include services rendered at origin, such as pick-up and delivery to port, freight services from origin to destination port and destination services, such as customs clearance and final delivery. These services are considered to represent one single performance obligation satisfied over time. The Group measures the fulfilment of its performance obligations as services are rendered based on the status of a shipment.

In Contract Logistics the principal services are related to customer contracts for warehousing and distribution activities, usually representing a series of distinct services that are considered a single performance obligation. Based on the customer contracts, revenues are recognised to the extent the service is rendered.

There are no significant judgements involved in the measurement of the performance of its obligations and the Group's contracts do not include any material variable considerations.

The Group elects to use the practical expedient regarding the disclosure requirement of the transaction price allocated to unsatisfied performance obligations. In nearly all customer contracts either the original expected duration is one year or less or the revenue is recognised at the amount to which the Group has a right to invoice.

Contract assets are recorded for unbilled work in progress, whereas amounts received for services that are not yet completed are presented as contract liabilities.

Gross profit is a better indication of the performance in the logistics industry than revenue. The gross profit represents the difference between the revenue and the cost of services rendered by third parties for all reportable segments.

16 Interest expenses and income

Interest expenses and income are recognised as they accrue using the effective interest method.

17 Income tax

Income tax on earnings for the year comprises current and deferred tax. Both current and deferred tax are recognised in the income statement, except to the extent that the tax relates to business combinations or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the balance sheet date and any adjustment to tax payable for previous years.

Deferred tax is recognised based on the balance sheet liability method, on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax base. The following temporary differences are not accounted for: initial recognition of goodwill, initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax recognised is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset in respect of temporary differences or unused tax losses is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

18 Non-current assets held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than from continuing use. The asset (or disposal group) must be available for immediate sale in its present condition and the sale must be highly probable. Immediately before classification as held for sale, the measurement of the assets (and all assets and liabilities in a disposal group) is updated in accordance with applicable IFRS. Then, on initial classification as held for sale, non-current assets and disposal groups are recognised at the lower of carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale are included in the income statement. Intangible assets and property, plant and equipment once classified as held for sale are not amortised or depreciated.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations or is a company acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale.

Other notes

19 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 several geographical areas: **Europe, Middle East and Africa (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

	Total Group		Sea Logistics		Air Logistics	
CHF million	2021	2020	2021	2020	2021	2020
Turnover (external customers)	36,699	23,812	15,662	8,973	11,480	5,817
Customs duties and taxes	-3,898	-3,430	-1,956	-1,882	-670	-623
Net turnover (external customers)	32,801	20,382	13,706	7,091	10,810	5,194
Inter-segment turnover	-	-	3,808	2,244	8,304	3,345
Net expenses for services	-22,905	-12,907	-14,760	-7,918	-16,558	-7,208
Gross profit	9,896	7,475	2,754	1,417	2,556	1,331
Total expenses ¹	-6,217	-5,555	-1,193	-966	-1,326	-731
EBITDA	3,679	1,920	1,561	451	1,230	600
Depreciation of property, plant and equipment	-192	-185	-27	-23	-24	-22
Depreciation of right-of-use assets	-485	-506	-3	-3	-3	-2
Amortisation of other intangibles	-56	-40	-2	-2	-36	-19
Impairment of assets ²	-	-119	-	-	-	-52
EBIT (segment profit)	2,946	1,070	1,529	423	1,167	505
Financial income	14	9				
Financial expenses	-20	-22				
Result from joint ventures and associates	5	2				
Earnings before tax (EBT)	2,945	1,059				
Income tax	-790	-270				
Earnings for the year	2,155	789				
Attributable to:						
Equity holders of the parent company	2,032	788				
Non-controlling interests	123	1				
Earnings for the year	2,155	789				
Additional information not regularly reported to the CODM						
Reportable non-current segment assets	4,969	3,815	423	331	1,882	649
Segment assets	14,650	9,851	3,456	1,737	4,666	1,737
Segment liabilities	11,439	7,438	3,348	1,860	3,795	1,283
Allocation of goodwill	2,290	1,155	146	35	1,423	394
Allocation of other intangibles	247	101	-	-	215	56
Capital expenditure property, plant and equipment	197	177	30	13	20	16
Capital expenditure right-of-use assets	455	512	43	31	35	24
Capital expenditure other intangibles	7	9	2	2	1	2
Property, plant and equipment, goodwill and intangibles through business combinations	1,308	37	109	-	1,199	-
Non-cash expenses	91	92	22	15	12	6

¹ 2020 figures include an income from the release of unused contingent consideration liability of CHF 115 million in the business unit Air Logistics (region Americas).

² 2020 figures include a write-off of CHF 18 million of goodwill and CHF 49 million of assets held for sale in the business unit Contract Logistics in 2020 (region EMEA) and an impairment of other intangibles (customer lists) in the business unit Air Logistics (region Americas) of CHF 52 million described in note 28.

b) Geographical information

	Total Group		EMEA		Americas	
CHF million	2021	2020	2021	2020	2021	2020
Turnover (external customers)	36,699	23,812	19,705	14,830	11,664	6,269
Customs duties and taxes	-3,898	-3,430	-2,947	-2,398	-742	-812
Net turnover (external customers)	32,801	20,382	16,758	12,432	10,922	5,457
Inter-regional turnover	-	-	6,111	4,441	1,838	1,064
Net expenses for services	-22,905	-12,907	-17,353	-11,875	-10,331	-4,934
Gross profit	9,896	7,475	5,516	4,998	2,429	1,587
Total expenses ¹	-6,217	-5,555	-3,954	-4,020	-1,457	-1,052
EBITDA	3,679	1,920	1,562	978	972	535
Depreciation of property, plant and equipment	-192	-185	-126	-120	-38	-41
Depreciation of right-of-use assets	-485	-506	-318	-332	-109	-112
Amortisation of other intangibles	-56	-40	-16	-15	-20	-22
Impairment of assets ²	-	-119	-	-67	-	-52
EBIT	2,946	1,070	1,102	444	805	308
Financial income	14	9				
Financial expenses	-20	-22				
Result from joint ventures and associates	5	2				
Earnings before tax (EBT)	2,945	1,059				
Income tax	-790	-270				
Earnings for the year	2,155	789				
Attributable to:						
Equity holders of the parent company	2,032	788				
Non-controlling interests	123	1				
Earnings for the year	2,155	789				
Reportable non-current assets	4,969	3,815	2,036	2,162	1,285	1,098
Additional information not regularly reported to the CODM						
Segment assets	14,650	9,851	5,107	4,781	3,786	2,229
Segment liabilities	11,439	7,438	5,872	4,606	2,490	1,319
Capital expenditure property, plant and equipment	197	177	148	134	27	27
Capital expenditure right-of-use assets	455	512	305	394	73	68
Capital expenditure other intangibles	7	9	6	8	1	1
Property, plant and equipment, goodwill and intangibles through business combinations	1,308	37	18	37	237	-
Non-cash expenses	91	92	70	79	16	9

¹ 2020 figures include an income from the release of unused contingent consideration liability of CHF 115 million in the business unit Air Logistics (region Americas).

² 2020 figures include a write-off of CHF 18 million of goodwill and CHF 49 million of assets held for sale in the business unit Contract Logistics in 2020 (region EMEA) and an impairment of other intangibles (customer lists) in the business unit Air Logistics (region Americas) of CHF 52 million described in note 28.

	Asia-Pacific		Eliminations		Unallocated corporate	
	2021	2020	2021	2020	2021	2020
	5,330	2,713	-	-	-	-
	-209	-220	-	-	-	-
	5,121	2,493	-	-	-	-
	6,032	1,683	-13,981	-7,188	-	-
	-9,202	-3,286	13,981	7,188	-	-
	1,951	890	-	-	-	-
	-806	-483	-	-	-	-
	1,145	407	-	-	-	-
	-28	-24	-	-	-	-
	-58	-62	-	-	-	-
	-20	-3	-	-	-	-
	-	-	-	-	-	-
	1,039	318	-	-	-	-
	1,391	293	-	-	257	262
	3,175	822	-	-	2,582	2,019
	2,096	886	-	-	981	627
	22	16	-	-	-	-
	77	50	-	-	-	-
	-	-	-	-		-
	1,053	-	-	-	-	-
	5	4	-	-	-	-

b) **Geographical information**
Country information

The following countries individually constitute more than ten per cent of the Group's non-current assets or of its net turnover.

In addition, Switzerland is reported being the country where the ultimate parent company of the Group is registered.

CHF million	2021		2020	
Countries	Reportable non-current assets ¹	Net turnover	Reportable non-current assets ¹	Net turnover
China ²	1,208	2,210	101	807
Germany ³	631	4,906	749	3,415
Switzerland ³	20	478	24	311
USA ⁴	1,073	7,900	870	3,566
Others	1,780	17,307	1,809	12,283
Total	4,712	32,801	3,553	20,382

¹ Non-current assets excluding investments in joint ventures and associates and deferred tax assets.

² Part of region Asia Pacific.

³ Part of region EMEA.

⁴ Part of region Americas.

20 Personnel expenses

CHF million	2021	2020
Salaries and wages	4,009	3,621
Social expenses and benefits	802	783
Expenses for share-based compensation plans	16	13
Expenses for pension plans		
– defined benefit plans	11	12
– defined contribution plans	67	67
Government compensation for short-time work and social security	–4	–83
Others	21	30
Total	4,922	4,443

Number of employees	Dec. 31, 2021	Dec. 31, 2020
EMEA	49,324	54,560
Americas	17,428	14,848
Asia-Pacific	11,335	8,841
Total employees	78,087	78,249
Full-time equivalents of employees (unaudited)	73,516	72,021
Full-time equivalents of temporary staff (unaudited)	19,772	21,217
Full-time equivalents (total/unaudited)	93,288	93,238

Employees within the Group are defined as persons with valid employment contracts as of December 31, and on the payroll of

the Group. Expenses for temporary staff are generally included in "salaries and wages".

21 Selling, general and administrative expenses

CHF million	2021	2020
Administration	320	296
Communication	60	64
Travel and promotion	44	40
Vehicles	179	207
Operating expenses	286	259
Facilities	404	402
Total	1,293	1,268

22 Other operating income/expenses, net

CHF million	2021	2020
Gain/(loss) on disposal of property, plant and equipment	1	2
Gain/(loss) on sale and leaseback of property, plant and equipment ¹	–	23
(Increase)/decrease of contingent consideration liability ²	–	115
Other operating income/(expenses)	–3	16
Total	–2	156

¹ In connection with its asset-light business model, in 2020 the Group completed seven sale and leaseback transactions of real estate facilities in Australia, France, Germany and Great Britain. The agreed leaseback periods range between three and ten years.

² In Q3 2020 CHF 46 million was paid to the sellers of Quick under the early settlement agreement and CHF 115 million of unused amounts were released.

23 Financial income and expenses

CHF million	2021	2020
Interest income	3	3
Exchange differences, net	11	6
Financial income	14	9
Interest expenses on other interest-bearing liabilities	-8	-6
Interest expenses on lease liabilities	-10	-14
Discount unwind on contingent consideration liabilities	-2	-2
Financial expenses	-20	-22
Net financial result	-6	-13

24 Income tax

CHF million	2021	2020
Current tax expense		
– in current year	743	303
– under/(over) provided in previous years	7	1
	750	304
Deferred tax expense from		
– changes in temporary differences and tax losses	40	-34
Income tax	790	270

Deferred tax expense of CHF 7 million (2020: CHF 1 million income) relating to actuarial gains of CHF 31 million before tax (2020 actuarial losses of CHF 8 million) arising from defined benefit plans were recognised in other comprehensive income.

Reconciliation of the effective tax rate

The contributing factors for the difference between the expected tax rate (the Group's overall expected tax rate is calculated as the weighted average tax rate based on earnings before tax of each subsidiary and can change on a yearly basis) and the effective tax are as follows:

CHF million	2021	per cent	2020	per cent
Earnings before tax according to the income statement	2,945		1,059	
Income tax/expected tax rate	726	24.7	253	23.9
Tax effect on				
– tax exempt (income)/non-deductible expenses	14	0.5	–13	–1.2
– utilisation of previously unrecognised tax losses	–2	–0.1	–1	–0.1
– change of deferred tax due to tax rate adjustments	1	–	1	0.1
– under/(over) provided in previous years	7	0.2	1	0.1
– unrecoverable withholding taxes	44	1.5	29	2.7
Income tax/effective tax rate	790	26.8	270	25.5

Deferred tax assets and liabilities

	Assets		Liabilities		Net deferred income tax balance	
CHF million	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020
Property, plant and equipment and right-of-use assets	8	19	–298	–216	–290	–197
Goodwill and other intangibles ¹	46	46	–83	–36	–37	10
Trade receivables	28	17	–58	–10	–30	7
Other receivables	2	2	–78	–32	–76	–30
Lease liabilities	326	245	–	–	326	245
Provisions for pension plans and severance payments	62	71	–	–	62	71
Other liabilities	144	82	–12	–11	132	71
Tax value of loss carry-forwards recognised	3	12	–	–	3	12
Total net deferred income tax balance	619	494	–529	–305	90	189
Thereof deferred income tax assets					226	250
Thereof deferred income tax liabilities ¹					–136	–61

¹ Of which CHF 50 million deferred tax liabilities were acquired in business combinations in 2021.

Deferred tax assets and liabilities relating to income taxes are offset for the presentation in the balance sheet if they are levied by the same taxation authority and the taxation authority permits the entity to make or receive a single net payment.

The recognised deferred tax assets relating to tax losses carried forward are expected to be used by the end of the next three years at the latest.

Unrecognised deferred tax assets

	2021		2020	
CHF million	Unused tax losses	Unrecognised deferred tax asset on unused tax losses	Unused tax losses	Unrecognised deferred tax asset on unused tax losses
Balance as of December 31	55	12	72	16

It is not probable that future taxable profits will be available, against which the unrecognised deferred tax assets can be used.

On December 31, the gross value of unused tax losses for which no deferred tax asset has been recognised, by expiration date, is as follows:

CHF million	2021		2020
Expiry			
2022	5	2021	17
2023	3	2022	5
2024	2	2023	4
2025 & later	29	2024 & later	37
No expiry	16	No expiry	9
Total unused tax losses	55		72

25 Earnings per share

The following reflects the data used in the basic and diluted earnings per share computations for the years ending December 31.

Earnings per share	2021	2020
Earnings for the year attributable to the equity holders of the parent company in CHF million	2,032	788
Weighted average number of ordinary shares outstanding during the year	120,104,672	119,593,010
Dilutive effect on number of shares outstanding:		
Share-based compensation plans	270,093	258,409
Adjusted weighted number of ordinary shares applicable to diluted earnings per share	120,374,765	119,851,419
Basic earnings per share in CHF	16.92	6.59
Diluted earnings per share in CHF	16.88	6.57

26 Property, plant and equipment

2021

CHF million

	Properties including buildings on third parties' land	Other operating and office equipment	Total
Cost			
Balance as of January 1, 2021	456	1,158	1,614
Additions through business combinations ¹	–	7	7
Additions	7	190	197
Disposals	–	–153	–153
Transfers	26	–28	–2
Effect of movements in foreign exchange	–13	–37	–50
Balance as of December 31, 2021	476	1,137	1,613
Accumulated depreciation and impairment losses			
Balance as of January 1, 2021	74	743	817
Depreciation charge for the year	13	179	192
Disposals	–	–131	–131
Transfers	11	–11	–
Effect of movements in foreign exchange	–3	–28	–31
Balance as of December 31, 2021	95	752	847
Carrying amount			
As of January 1, 2021	382	415	797
As of December 31, 2021	381	385	766

¹ Refer to note 40 for further details.

2020

CHF million

	Properties including buildings on third parties' land	Other operating and office equipment	Total
Cost			
Balance as of January 1, 2020	752	1,231	1,983
Additions through business combinations ¹	–	2	2
Additions	16	161	177
Disposals	–240	–129	–369
Transfers	–25	25	–
Reclassification to “assets held for sale” ¹	–31	–66	–97
Effect of movements in foreign exchange	–16	–66	–82
Balance as of December 31, 2020	456	1,158	1,614
Accumulated depreciation and impairment losses			
Balance as of January 1, 2020	128	766	894
Depreciation charge for the year	16	169	185
Disposals	–56	–110	–166
Reclassification to “assets held for sale” ¹	–11	–37	–48
Effect of movements in foreign exchange	–3	–45	–48
Balance as of December 31, 2020	74	743	817
Carrying amount			
As of January 1, 2020	624	465	1,089
As of December 31, 2020	382	415	797

¹ Refer to note 40 for further details.

27 Leases

Right-of-use assets

2021

CHF million	Right-of-use assets properties, buildings buildings	Right-of-use assets other operating and office equipment	Total
Balance as of January 1, 2021	1,318	182	1,500
Additions through business combinations ¹	35	–	35
Additions	360	95	455
Depreciation charge for the year	–420	–65	–485
Modifications and reassessments	–29	–36	–65
Effect of movements in foreign exchange	–24	–7	–31
Balance as of December 31, 2021	1,240	169	1,409

¹ Refer to note 40 for further details.

2020

CHF million	Right-of-use assets properties, buildings buildings	Right-of-use assets other operating and office equipment	Total
Balance as of January 1, 2020	1,692	207	1,899
Additions through business combinations ¹	21	6	27
Additions	418	94	512
Depreciation charge for the year	–459	–47	–506
Modifications and reassessments	–47	–16	–63
Reclassification to “assets held for sale” ¹	–232	–56	–288
Effect of movements in foreign exchange	–75	–6	–81
Balance as of December 31, 2020	1,318	182	1,500

¹ Refer to note 40 for further details.

Lease liabilities

CHF million	2021	2020
Balance as of January 1	1,583	1,942
Additions through business combinations ¹	35	–
Additions	455	547
Modifications and reassessments	–71	–87
Repayment	–493	–497
Reclassification to “liabilities directly associated with the assets held for sale” ¹	–	–267
Effect of movements in foreign exchange	–25	–55
Balance as of December 31	1,484	1,583
of which		
– Current lease liabilities	431	433
– Non-current lease liabilities	1,053	1,150
Total lease liabilities	1,484	1,583

¹ Refer to note 40 for further details.

For the maturity analysis of the lease liabilities, refer to the disclosure of the liquidity risk included in note 44 Risk management.

Amounts recognised in the income statement

CHF million	2021	2020
Depreciation of right-of-use assets	485	506
Interest expense on lease liabilities (included in financial expenses)	10	14
Expense relating to short-term and low value leases (included in selling, general and administrative expenses)	156	151
Profits on sale-and-leaseback transactions (included in other operating income/expense, net)	–	–23
Total expense recognised in the income statement	651	648

The total cash outflow for leases (including short-term leases and low value assets) was CHF 659 million in 2021 (2020: CHF 662 million). There was no cash inflow from sale and leaseback transactions in 2021 (2020: CHF 406 million).

28 Goodwill and other intangibles

2021

CHF million	Goodwill	Other intangibles ¹
Cost		
Balance as of January 1, 2021	1,168	853
Additions through business combinations ²	1,111	190
Additions	–	7
Deletions	–	–110
Effect of movements in foreign exchange	23	–7
Balance as of December 31, 2021	2,302	933
Accumulated amortisation and impairment losses		
Balance as of January 1, 2021	13	752
Amortisation charge	–	56
Deletions	–	–110
Effect of movements in foreign exchange	–1	–12
Balance as of December 31, 2021	12	686
Carrying amount:		
As of January 1, 2021	1,155	101
As of December 31, 2021	2,290	247

¹ Other intangibles mainly comprise customer contracts/lists, trademarks, agent contracts and software.

² Refer to note 40 for further details.

2020

CHF million

	Goodwill	Other intangibles ¹
Cost		
Balance as of January 1, 2020	1,234	883
Additions through business combinations ²	25	10
Additions	–	9
Deletions	–	–14
Reclassification to “assets held for sale” ²	–18	–
Effect of movements in foreign exchange	–73	–35
Balance as of December 31, 2020	1,168	853
Accumulated amortisation and impairment losses		
Balance as of January 1, 2020	14	698
Amortisation charge	–	40
Impairment charge ³	–	52
Deletions	–	–14
Effect of movements in foreign exchange	–1	–24
Balance as of December 31, 2020	13	752
Carrying amount:		
As of January 1, 2020	1,220	185
As of December 31, 2020	1,155	101

¹ Other intangibles mainly comprise customer contracts/lists, trademarks, agent contracts and software.

² Refer to note 40 for further details.

³ Due to the down-trading of major aviation customers caused by the COVID-19 pandemic, the Group has fully impaired the respective customer lists in the reportable segment Air Logistics of CHF 52 million.

Impairment testing of goodwill

The Group has performed impairment tests of goodwill at the end of the financial years 2021 and 2020. Following a business combination, goodwill is allocated to aggregated cash-generating units which are expected to benefit from the synergies of the corresponding business combination. For the purpose of goodwill impairment testing, the cash-generating units are aggregated into the global business units – the level at which Management Board conducts reviews.

The impairment tests are based on value in use calculations. Cash flow projections are based on actual operating results and three-year business plans. Cash flows beyond the three-year period are extrapolated by using estimated long-term growth rates. The growth rates do not exceed the long-term average growth rate for the logistics industry in which the cash-generating units operate. Future cash flows are discounted based on the weighted average cost of capital (WACC).

Key assumptions used for value-in-use calculations of goodwill:

	Sea Logistics	Air Logistics	Road Logistics	Contract Logistics	Total Group
Carrying amount of goodwill in CHF million 2021	146	1,423	332	389	2,290
Carrying amount of goodwill in CHF million 2020	35	394	335	391	1,155
Basis for recoverable amount	Value in use	Value in use	Value in use	Value in use	
Pre-tax discount rate in per cent 2021	9.1	9.0	9.0	9.1	
Pre-tax discount rate in per cent 2020	9.1	9.0	9.0	8.9	
Projection period	3 years	3 years	3 years	3 years	
Terminal growth rate in per cent 2021	1.5	1.5	1.5	1.5	
Terminal growth rate in per cent 2020	1.5	1.5	1.5	1.5	

Key assumptions have not changed compared to the previous year with the exception of discount rates used. For both 2021 and 2020, all recoverable amounts exceeded their carrying amounts and consequently no impairment of goodwill was recognised for the years

2021 and 2020 other than stated in note 40 for the disposal group. Management considers that it is not likely for the assumptions used to change so significantly, as to eliminate the excess of recoverable amounts.

29 Trade receivables and contract assets

CHF million	2021	2020
Trade receivables	6,535	3,498
Impairment allowance	-131	-86
Total trade receivables	6,404	3,412

The majority of all billing is done in the respective Group companies' own functional currencies and is mainly in EUR 29.8 per cent (2020: 39.9 per cent) and USD 21.6 per cent (2020: 20.0 per cent).

Trade receivables outstanding at year-end averaged 49.2 days (2020: 50.5 days).

No trade receivables are pledged in 2021 and 2020.

The Group has a credit insurance programme in place, covering trade receivables, focusing mainly on small and medium exposures. The credit insurance policy covers up to 90 per cent of the approved customer credit limit, excluding any items being more than 120 days past due. As a company policy, the Group excludes customers from its insurance programme based on certain criteria (so-called blue chip companies).

Contract assets increased from CHF 259 million in 2020 to CHF 693 million in 2021.

CHF million	2021	2020
Contract assets	700	263
Impairment allowance	-7	-4
Total contract assets	693	259

The Group applies the simplified approach regarding the measurement of expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The Group establishes an impairment allowance that represents its estimate of expected losses in respect of trade receivables and contract assets. The two components of this impairment allowance of CHF 138 million (2020: CHF 90 million) are:

- specific expected loss component that relates to individually significant exposure
- collective expected loss component

The specific expected loss allowance relates to specific receivables under legal disputes, based on the expected legal outcome. The impairment allowance for individually significant exposures is CHF 69 million at year-end 2021 (2020: CHF 37 million).

The collective expected credit loss is determined based on the probability of default of each receivable. The customer's public rating is taken into consideration, if available; otherwise industry-specific default rates are used. These rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customer to settle the receivables. The Group has identified the gross domestic product and the unemployment rate of the countries in which it sells the services to be the most relevant factors, and accordingly adjusts the probability of default.

On this basis, the loss allowance as at December 31, 2021, the Group has established a collective impairment allowance of CHF 69 million, which represents 1.0 per cent of total outstanding trade receivables and contract assets (2020: CHF 53 million/1.4 per cent).

CHF million	2021			2020		
	Specific allowance	Collective allowance	Total allowance	Specific allowance	Collective allowance	Total allowance
Balance as of January 1	37	53	90	41	35	76
Additional impairment losses recognised	47	56	103	31	44	75
Reversal of impairment losses and write-offs	-15	-40	-55	-35	-26	-61
Balance as of December 31	69	69	138	37	53	90

The movement in the impairment allowance on trade receivables during the year was as follows:

CHF million	2021		2020	
	Trade receivables	Impairment allowance on trade receivables	Trade receivables	Impairment allowance on trade receivables
Default probability < 1 per cent	2,923	26	1,467	19
Default probability 1 to 3 per cent	3,457	32	1,857	26
Default probability 3 to 10 per cent	55	3	97	2
Default probability 10 to 30 per cent	30	7	31	5
Default probability > 30 per cent	70	63	46	34
Total	6,535	131	3,498	86

For trade receivables that are covered by credit insurance, no impairment allowance has been created.

30 Other receivables

CHF million	Dec. 31, 2021	Dec. 31, 2020
Receivables from tax authorities	25	35
Deposits	55	48
Sundry	33	29
Total other receivables	113	112

The majority of the other receivables are held in the respective Group companies' own functional currencies which represents EUR 34.7 per cent (2020: 34.2 per cent) and USD 5.6 per cent (2020: 7.5 per cent).

31 Cash and cash equivalents

CHF million	Dec. 31, 2021	Dec. 31, 2020
Cash in hand	7	–
Cash at banks	1,948	881
Short-term deposits	350	816
Cash and cash equivalents	2,305	1,697
Cash as part of “assets held for sale” ¹	–	18
Bank overdraft	–5	–2
Cash and cash equivalents in the cash flow statement, net	2,300	1,713

¹ Refer to note 40 for further details.

The majority of the above mentioned cash and cash equivalents is held in commercial banks and managed centrally in order to limit currency risks. A netting system and a Group cash pool are in

place which also further reduce the currency exposure. Most of the bank balances held by Group companies are in their respective functional currencies, which are mainly in CHF, EUR and USD.

32 Equity

Share capital and treasury shares 2021

Main shareholders	Balance Dec. 31				Jan. 1
	Registered shares of nominal CHF 1 per share	CHF million	Capital share per cent	Voting share per cent	Registered shares of nominal CHF 1 per share
Kuehne Holding AG, Schindellegi (Feusisberg)	63,900,000	64	52.9	53.1	63,900,000
Public shareholders	56,385,024	56	46.7	46.9	55,683,849
Entitled to voting rights and dividends	120,285,024	120	99.6	100.0	119,583,849
Treasury shares	468,759	1	0.4		416,151
Total	120,753,783	121	100.0		120,000,000

The Annual General Meeting held on May 5, 2020, extended its approval of authorised capital of the Company up to a maximum of CHF 20,000,000, consisting of 20,000,000 registered shares with a nominal value of CHF 1.00 each. On May 4, 2021, the Board of

Directors resolved on the partial implementation of the authorised share capital increase by increasing the share capital of the Company from previously CHF 120,000,000 by CHF 753,783 to CHF 120,753,783, by issuing 753,783 registered shares of the Company

with a nominal value of CHF 1.00 each. 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 205 million, net of transaction costs of CHF 3 million, was credited to the share premium. The issued shares were used to acquire Apex International Corporation (please refer to note 40).

In 2021 the Company matched 124,730 treasury shares of which the main portion relates to the matured share matching plan 2018 (2020: matched 67,506 treasury shares of which the main portion relates to the matured share matching plan 2017. In relation with the acquisition of Salmosped AS, 22,662 treasury shares with a carrying amount of CHF 5 million (fair value of CHF 8 million) were

transferred to the sellers. In addition, the Company purchased 200,000 treasury shares for CHF 59 million (2020: purchased 277,457 treasury shares for CHF 37 million).

On December 31, 2021, the Company had 468,759 treasury shares (2020: 416,151), which are generally reserved under the share-based compensation plans; refer to note 34 for more information.

Dividends

The proposed dividend payment, subject to approval by the Annual General Meeting, is as follows:

Year of payment	per share	CHF million
2022	CHF 10.00	1,203

The dividend payment 2021 to owners amounted to CHF 4.50 per share or CHF 538 million (2020: CHF 4.00 per share or CHF 478 million).

Share capital and treasury shares 2020

	Balance Dec. 31				Jan. 1
	Registered shares of nominal CHF 1 per share	CHF million	Capital share per cent	Voting share per cent	Registered shares of nominal CHF 1 per share
Main shareholders					
Kuehne Holding AG, Schindellegi (Feusisberg)	63,900,000	64	53.3	53.4	63,900,000
Public shareholders	55,683,849	56	46.4	46.6	55,893,800
Entitled to voting rights and dividends	119,583,849	120	99.7	100.0	119,793,800
Treasury shares	416,151	–	0.3		206,200
Total	120,000,000	120	100.0		120,000,000

Authorised and conditional share capital

The Annual General Meeting held on May 5, 2020, extended its approval of authorised share capital up to a maximum of CHF 20 million by a further two years until May 5, 2022.

The Annual General Meeting held on May 2, 2005, approved a conditional share capital increase up to a maximum of CHF 12 million and to add a respective section in the Articles of Association.

The Annual General Meeting held on May 5, 2015, approved a conditional share capital up to a maximum of CHF 2 million for the provision of the employee share-based compensation plans of the Company.

On May 4, 2021, the Board of Directors resolved on the partial implementation of the authorised share capital increase by increasing the share capital of the Company from previously CHF 120,000,000 by CHF 753,783 to CHF 120,753,783 by issuing 753,783 registered shares of the Company with a nominal value of CHF 1.00 each.

There is no resolution of the Board of Directors outstanding for further issuance of either authorised or conditional capital.

Capital management

The Group defines the capital managed as the Group's total equity including non-controlling interests. The Group's main objectives when managing capital are:

- To safeguard the Group's ability to continue as a going concern, so that it can continue to provide services to its customers;
- To provide an adequate return to investors based on the level of risk undertaken;
- To have the necessary financial resources available to allow the Group to invest in areas that may deliver future benefits for customers and investors.

Capital is monitored on the basis of the equity ratio and its development is shown in the table below. The Group is not subject to regulatory capital adequacy requirements as known in the financial services industry.

CHF million	2021	2020	2019	2018	2017
Total equity	3,211	2,413	2,322	2,324	2,327
Total assets ¹	14,650	9,851	9,825	7,878	7,457
Equity ratio in per cent	21.9	24.5	23.6	29.5	31.2

¹ Figures prior to 2019 have not been restated for the impact of IFRS 16 Leases.

33 Provisions for pension plans and severance payments

The Group maintains defined benefit pension plans as well as defined contribution plans. Retirement benefits vary from plan

to plan reflecting applicable local practices and legal requirements. Retirement benefits are based on years of credited service and compensation as defined in the respective plan.

Overview of provisions for pension plans and severance payments

CHF million	Pension plans	Severance payments	Total
Balance as of January 1, 2020	403	28	431
Provisions made	12	2	14
Provisions used	-16	-2	-18
Actuarial (gains)/losses recognised in other comprehensive income	8	-	8
Effect of movements in foreign exchange	-2	-2	-4
Balance as of December 31, 2020	405	26	431
Provisions made	11	4	15
Provisions used	-17	-2	-19
Actuarial (gains)/losses recognised in other comprehensive income	-31	-	-31
Effect of movements in foreign exchange	-15	-2	-17
Balance as of December 31, 2021	353	26	379

a) Defined benefit plans

The Group has a number of defined benefit plans. For a description and detailed information of the major defined benefit plans in Germany, the USA and Switzerland, please refer to letter b) of this note.

CHF million	2021			2020		
	Funded plans	Unfunded plans	Total	Funded plans	Unfunded plans	Total
Net liability for defined benefit obligations						
Present value of obligations	249	305	554	262	341	603
Fair value of plan assets	-201	-	-201	-198	-	-198
Present value of net obligations	48	305	353	64	341	405
Recognised net liability for defined benefit obligations	48	305	353	64	341	405
Expected payments to defined benefit plan in the next year	8	11	19	7	11	18

CHF million	2021	2020
Allocation of plan assets		
Debt securities	64	64
Equity securities	21	20
Insurance contracts and others	116	114
Total	201	198

The pension plan assets are held in multi-employer funded plans. The Group is not in a position to state whether the funded plans contain any investments in shares of Kuehne + Nagel International AG or in any property occupied by the Group.

CHF million	2021	2020
	Funded plans	Funded plans
Movements of fair value of plan assets		
Opening fair value of plan assets	198	192
Employer contribution	6	6
Employee contribution	4	4
Return on plan assets, excluding interest	-4	5
Interest on plan assets	2	3
Benefits paid by the plan	-8	-4
Effect of movements in foreign exchange	3	-8
Closing fair value of plan assets	201	198
Actual return on plan assets for the year	-2	8

CHF million	2021			2020		
	Funded plans	Unfunded plans	Total	Funded plans	Unfunded plans	Total
Movements of present value of defined benefit obligations						
Opening liability for defined benefit obligations	262	341	603	247	348	595
Current service costs	8	6	14	7	5	12
Interest costs	2	2	4	3	3	6
Employee contribution	4	–	4	4	–	4
Actuarial (gains)/losses recognised in other comprehensive income:						
– due to changes in demographic assumptions	–10	–	–10	–1	–	–1
– due to changes in financial assumptions	–10	–12	–22	11	3	14
– due to experience (gains)/losses	–	–3	–3	4	–3	1
Benefits paid by the plan	–8	–10	–18	–4	–11	–15
Past service costs – amendments	–2	–	–2	–1	–2	–3
Past service costs – curtailment	–	–1	–1	–	–1	–1
Effects due to plan settlement	–	–2	–2	–	–	–
Effect of movements in foreign exchange	3	–16	–13	–8	–1	–9
Closing liability for defined benefit obligations	249	305	554	262	341	603
Expense recognised in the income statement						
Service costs	6	3	9	7	2	9
Net interest on the net defined benefit liability	–	2	2	–	3	3
Expense recognised in personnel expenses (refer to note 20)	6	5	11	7	5	12
Actuarial gains/(losses) recognised in other comprehensive income						
Cumulative amount as of January 1	–62	–151	–213	–56	–152	–208
Recognised during the year	15	15	30	–8	–	–8
Effect of movements in foreign exchange	–1	8	7	2	1	3
Cumulative amount as of December 31	–48	–128	–176	–62	–151	–213

	Active		Deferred		Retired		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Plan participants								
Number of plan participants	13,264	13,626	1,199	1,258	2,393	2,415	16,856	17,299
Present value of defined benefit obligations								
In CHF million	282	314	64	69	208	220	554	603
Share in per cent	50.9	52.1	11.6	11.4	37.5	36.5	100.0	100.0
Duration in years	20.5	21.2	16.9	16.9	10.4	10.7	16.3	16.9

The duration in years corresponds to the average weighted period.

Weighted actuarial assumptions at the balance sheet date

	2021			2020		
Per cent	Funded plans	Unfunded plans	Total	Funded plans	Unfunded plans	Total
Discount rate	0.7	1.1	1.0	0.3	0.6	0.6
Future salary increases	1.5	2.0	1.9	1.4	2.0	1.9
Future pension increases	0.0	1.4	1.4	0.0	1.2	1.2

Sensitivities of significant actuarial assumptions

The discount rate and future salary increases were identified as significant actuarial assumptions. An increase/decrease of

0.25 percentage points in the respective assumption would have the following impact on the defined benefit obligation:

	2021			2020		
CHF million	Funded plans	Unfunded plans	Total	Funded plans	Unfunded plans	Total
Reasonably possible change +/- in percentage points	0.25	0.25	0.25	0.25	0.25	0.25
Discount rate						
Change of defined benefit obligation +/-	9	12	21	11	15	26
Future salary increases						
Change of defined benefit obligation +/-	1	2	3	1	2	3

The sensitivity analysis is based on reasonably possible changes as of the end of the reporting year. Each change in a significant actuarial assumption was analysed separately as part of the test.

Interdependencies between individual assumptions were not taken into account.

b) Major defined benefit plans

The Group maintains significant defined benefit pension plans in Germany, the USA and in Switzerland constituting 90.6 per cent (2020: 90.4 per cent) of the defined benefit obligations and 86.6 per cent (2020: 86.9 per cent) of the plan assets.

Germany

There is one major unfunded defined benefit pension plan in Germany that provides retirement and disability benefits to employees and their dependents. This plan is based on an internal pension scheme (Versorgungsordnung), with the employers' retirement benefits law (Betriebsrentengesetz) specifying the

minimum benefits to be provided. Payments are made by Kuehne+Nagel only. Risks in relation to guarantees provided, such as investment risk, asset volatility, salary increase and life expectancy, are borne by the Group.

Pensions are calculated as a percentage of contributory base salary multiplied with the years of service. The normal retirement age for the plan is 65. Members can draw retirement benefits early with a proportionate reduction of the pension.

The plan is closed to new entrants, who instead can participate in a defined contribution plan.

CHF million	2021	2020
Recognised liability for defined benefit obligations	285	317
Expense recognised in personnel expenses	4	6
Actuarial gains/(losses) recognised in other comprehensive income	12	-1
Number of plan participants	3,138	3,244
Duration in years	16.1	16.7

The duration in years corresponds to the average weighted period.

Weighted actuarial assumptions at the balance sheet date

Per cent	2021	2020
Discount rate	1.05	0.60
Future salary increases	2.00	2.00
Future pension increases	1.75	1.50
Mortality table	Dr. K. Heubeck 2018 G	Dr. K. Heubeck 2018 G

Switzerland

The Swiss pension plans are defined benefit plans that provide retirement and disability benefits to employees and their dependents. Swiss pension plans are governed by the Swiss Federal Law on Occupational Retirement, Survivor's and Disability Pension Plans (BVG), which stipulates that pension plans have to be managed by independent, legally autonomous units. A pension plan's governing body (Board of Trustees) is responsible for the investment of the plan's assets and must be composed of equal numbers of employee's and employer's representatives. The various insurance benefits are governed in regulations, with the BVG specifying the minimum benefits that are to be provided. As a consequence, there are a number of guarantees provided within the pension funds which expose them to the risks of underfunding and may require the Group to provide additional contributions.

Such risks include mainly investment risks (as there is a guaranteed return on account balances), asset volatility and life expectancy.

The monthly contributions to the pension plans are paid by the employees as well as by the employer. The contributions are calculated as a percentage of the contributory salary and vary depending on the age of the employee. The pension plans provide a lifetime pension to members at the ordinary retirement age as defined in the Swiss Pension law. The pension is calculated as a percentage of the individual plan participant's pension account at retirement date. A portion of the benefit, up to the full amount under certain conditions, can be taken as lump sum payment at retirement. Members can draw retirement benefits early from the age of 58, with a proportionate reduction of the pension.

CHF million	2021	2020
Net liability for defined benefit obligations		
Present value of obligations	147	158
Fair value of plan assets	-110	-107
Recognised net liability for defined benefit obligations	37	51
Allocation of plan assets		
Insurance contracts and others	110	107
Expense recognised in the income statement		
Service costs	5	6
Actuarial gains/(losses) recognised in other comprehensive income	14	-7
Number of plan participants	528	508
Duration in years	17.1	19.3

The duration in years corresponds to the average weighted period.

Weighted actuarial assumptions at the balance sheet date

Per cent	2021	2020
Discount rate	0.25	0.00
Future salary increases	1.50	1.50
Mortality table	BVG 2020 Generational	BVG 2015 Generational

USA

The US pension plan is a defined benefit pension plan that provides retirement and disability benefits to employees and their dependents. The various insurance benefits are governed by regulations. The US plan is qualified under and is managed in accordance with the requirements of US federal law. In accordance with federal law, there are plan fiduciaries that are responsible for the governance of the plan. Fiduciaries also are responsible for the investment of the plan's assets, which are held in a pension trust that is legally separate from the employer. The plan is entirely funded by Kuehne+Nagel. Risks in relation to guarantees provided, such as investment risk, asset volatility, salary increase and life expectancy, are borne by the Group.

Contributions are based on the salary of the employee. The normal retirement age is 65, with a minimum of five years of service. The plan provides a lifetime pension at normal retirement, which is based on a percentage of the highest average monthly compensation over a five-year period (limited to USD 100,000), multiplied by credited service under the plan. Members can draw retirement benefits early, with a proportionate reduction of the pension, at the age of 55 if the employee has a minimum of 10 years of service. The plan is closed to new entrants and its benefits are frozen. New employees are instead covered by a defined contribution plan.

CHF million	2021	2020
Net liability for defined benefit obligations		
Present value of obligations	70	70
Fair value of plan assets	-64	-65
Recognised net liability for defined benefit obligations	6	5
Allocation of plan assets		
Debt securities	57	57
Equity securities	6	7
Insurance contracts and others	1	1
Total plan assets	64	65
Actual return on plan assets for the year	-	7
Number of plan participants	1,324	1,330
Duration in years	13.1	13.8

The duration in years corresponds to the average weighted period.

Weighted actuarial assumptions at the balance sheet date

Per cent	2021	2020
Discount rate	2.80	2.50
Mortality table	Scale MP-2021 released by SOA in October 2021	Scale MP-2020 released by SOA in October 2020

34 Employee share-based compensation plans

Under the Share Matching Plan (SMP) introduced effective 2018, the Company will match for each share invested into the plan 0.8 additional shares upon completion of a three-year vesting period and service condition during the same period. The minimum investment is 50 shares. Should the number of allocated shares

be a fraction of shares, then the number of shares is rounded up to the next whole number.

The terms and conditions of the shares allocated under the Share Matching Plans are as follows:

Share matching plan	2021	2020	2019
Grant date	July 23, 2021	July 24, 2020	July 26, 2019
Vesting, service and blocking period	July 23, 2021 - June 30, 2024	July 24, 2020 - June 30, 2023	July 26, 2019 - June 30, 2022
Number of shares invested/granted at grant date	172,100	192,526	161,464
Number of shares to be matched as of Dec. 31, 2021	169,670	185,646	150,452
Number of shares to be matched as of Dec. 31, 2020	n/a	192,076	156,324
Share match ratio	0.8	0.8	0.8
Fair value of shares to be matched at grant date in CHF per share	233.9	114.7	102.50

On July 1, 2021, the SMP 2018 matured with a share match ratio of 0.8 resulting in a matching of 114,603 shares to the participating employees of this plan.

On July 1, 2020, the SMP 2017 matured with an actual share match ratio of 0.5 resulting in a matching of 65,761 shares to the participating employees of this plan.

CHF million	2021	2020
Personnel expense for employee share-based compensation plans	16	13

35 Bank and other interest-bearing liabilities and borrowings

CHF million	Dec. 31, 2021	Dec. 31, 2020
Bank overdrafts	5	2
0.02 per cent bond due 2022	200	–
Bank and other interest-bearing liabilities	205	2
0.02 per cent bond due 2022	–	200
0.2 per cent bond due 2025	200	200
Borrowings	200	400

Current bank and other interest-bearing liabilities include bank overdrafts of CHF 5 million (2020: CHF 2 million), which are included in cash and cash equivalents for the purpose of the consolidated cash flow statement. The majority of bank overdraft facilities are repayable upon notice and form an integral part of the Group's cash management.

As of December 31, 2021, there was no bank loan drawn from the revolving credit facility of CHF 750 million. The credit facility has a

contract period until April 24, 2024. Bank loans can be drawn with a tenor of one, three and six months.

On June 18, 2019, the Kuehne+Nagel Group issued a CHF 200 million public bond with a nominal interest rate of 0.02 per cent due on November 18, 2022, and a CHF 200 million public bond with a nominal interest rate of 0.2 per cent due on June 18, 2025, both with redemption at par.

36 Provisions

The movements in provisions were as follows:

CHF million	Claim provisions ¹	Provision for deductible of transport liability insurance ²	Others ³	Total provision
Balance as of January 1, 2020	59	19	47	125
Provisions used	-16	-11	-10	-37
Provisions reversed	-7	-	-2	-9
Provisions made	34	4	34	72
Reclassification to "liabilities directly associated with the assets held for sale"	-	-	-25	-25
Effect of movements in foreign exchange	-3	-	-2	-5
Balance as of December 31, 2020	67	12	42	121
of which				
– Current provisions	54	5	27	86
– Non-current provisions	13	7	15	35
Total provisions	67	12	42	121
Balance as of January 1, 2021	67	12	42	121
Provisions used	-22	-12	-8	-42
Provisions reversed	-10	-	-4	-14
Provisions made	43	9	21	73
Effect of movements in foreign exchange	-2	-	-1	-3
Balance as of December 31, 2021	76	9	50	135
of which				
– Current provisions	58	4	29	91
– Non-current provisions	18	5	21	44
Total provisions	76	9	50	135

¹ Some Group companies are involved in legal proceedings on various issues (disputes about logistics services, antitrust etc.). Some legal proceedings have been settled, and corresponding payments have been made. Since October 2007 various competition authorities have investigated certain antitrust allegations against international freight forwarding companies, inter alia against Kuehne+Nagel.

During 2015 the French Competition Authority (FCA) has concluded an investigation of certain antitrust allegations in France, mainly against domestic freight forwarding companies, inter alia Alloin Transports (Alloin), a company which was acquired by Kuehne+Nagel in 2009. The decision of the FCA, according to which Alloin/Kuehne+Nagel paid a fine of CHF 34 million (EUR 32 million) was appealed to the Paris Court of Appeals in 2016. In 2017 Kuehne+Nagel was able to settle certain claims, which included a partial recourse claim against the sellers of Alloin. On July 19, 2018, the Paris Court of Appeals in first instance upheld the decision of the FCA against all claimants. Alloin/Kuehne+Nagel have appealed the decision to the French Supreme Court (Court de Cassation) on December 19, 2018. On September 22, 2021, the French Supreme Court in a finally binding decision upheld all fines imposed by the FCA undifferentiated against all parties involved.

See also note 41.

² An additional provision for deductibles in case of transport liability has been recognised for the current year's exposure.

³ Other provisions mainly consist of provisions for dilapidation costs amounting to CHF 37 million (2020: CHF 30 million).

37 Trade payables/contract liabilities/accrued trade expenses

CHF million	Dec. 31, 2021	Dec. 31, 2020
Trade payables	2,994	1,875
Contract liabilities	223	87
Accrued trade expenses	2,200	1,338
Total	5,417	3,300

The majority of all trade payables is in the respective Group companies' own functional currencies, which is in EUR 34.0 per cent (2020: 39.9 per cent) and USD 17.8 per cent (2020: 17.3 per cent).

Contract liabilities increased from CHF 87 million on December 31, 2020, to CHF 223 million as of December 31, 2021. The entire balance of December 31, 2020, was recognised as turnover in 2021.

38 Other non-current liabilities

CHF million	Dec. 31, 2021	Dec. 31, 2020
Contingent consideration liabilities ¹	165	52
Put option to non-controlling interest ²	1,146	–
Total	1,311	52

- ¹ The balance in 2021 represents the long-term portion of the contingent considerations from the acquisition of Apex International Corporation. The balance in 2020 mainly represents the long-term portion of the contingent considerations from the acquisition of KN-Sincero Logistics Co. Ltd., China (formerly Shanghai Ruichun Logistics Co. Ltd.).
- ² The balance in 2021 represents the long-term portion of the redemption liability recognised for the put option to non-controlling interest in Apex. Refer to note 40 for additional details.

39 Other current liabilities

CHF million	Dec. 31, 2021	Dec. 31, 2020
Personnel expenses (including social security)	916	580
Other tax liabilities	95	123
Other operating expenses	205	151
Contingent consideration liabilities ¹	135	–
Put option to non-controlling interest ²	302	–
Sundry	79	51
Total	1,732	905

- ¹ The balance in 2021 mainly represents the short-term portion of the contingent consideration liabilities from the acquisitions Apex and KN-Sincero. The long-term portion is included in the balance sheet position "Other non-current liabilities" in note 38. Further details regarding the acquisitions are described in note 40.
- ² The balance in 2021 represents the short-term portion of the redemption liability recognised for the put option to non-controlling interest in Apex. Refer to note 40 for additional details.

40 Acquisitions and divestments

2021 Acquisitions

CHF million	Apex Group	Salmosped	Recognised fair values
Property, plant and equipment	7	–	7
Right-of-use assets	35	–	35
Other intangibles	187	3	190
Other non-current assets	14	–	14
Trade receivables	335	12	347
Other current assets	54	–	54
Acquired cash and cash equivalents (net)	47	2	49
Subtotal assets	679	17	696
Non-current liabilities	–26	–	–26
Other current liabilities	–185	–	–185
Deferred tax liabilities	–49	–1	–50
Trade payables	–84	–12	–96
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 contingent consideration	–242	–	–242
Thereof shares issued, at fair value	–209	–8	–217
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 date. 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 generated a turnover in excess of CHF 2.1 billion in 2020. 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. Whereas management's estimate is that targets in each of the periods will be exceeded, 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 16 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 572 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. CHF 11 million of the purchase price of CHF 19 million was paid in cash and CHF 8 million was settled in the Company's shares.

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 December 31, 2021, the acquisitions contributed CHF 3,467 million of net turnover and CHF 386 million earnings, including the amortisation of other intangibles of CHF 22 million, to the consolidated financial statements. If the acquisitions had occurred on January 1, 2021, the Group's net turnover would have been CHF 33,722 million and consolidated earnings for the period would have been CHF 2,232 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

CHF million	Recognised fair values
Property, plant and equipment	2
Right-of-use assets	27
Other intangibles	10
Trade receivables	17
Other current assets	1
Acquired cash and cash equivalents (net)	3
Subtotal assets	60
Non-current lease liabilities	-23
Other non current liabilities	-3
Trade payables	-11
Current lease liabilities	-4
Other current liabilities	-6
Total identifiable assets and liabilities, net	13
Goodwill	25
Purchase price, paid in cash	38
Acquired cash and cash equivalents (net)	-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.

No material adjustments to the values previously reported were deemed necessary after having finalised the acquisition accounting in 2020.

2021 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.

At the balance sheet date, the carrying amount of the put option liability amounted to CHF 876 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 included the drinks logistics, food services and retail & technology businesses, whereby the pharma & healthcare businesses were retained. In 2020, which was adversely impacted by the COVID-19 crisis, these operations contributed CHF 630 million turnover, gross profit of CHF 515 million and a loss for the period of CHF 14 million, excluding any transaction costs and impairment charges.

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

41 Contingent liabilities

As of year-end, the following contingent liabilities existed:

CHF million	Dec. 31, 2021	Dec. 31, 2020
Guarantees in favour of customers and others	9	14
Contingency under unrecorded claims	4	2
Total	13	16

Some Group companies are defendants in various legal proceedings. Based on respective legal advice, the management is of the opinion that the outcome of those proceedings will have no

effect on the financial situation of the Group beyond the existing provision for pending claims (refer to note 36) of CHF 76 million (2020: CHF 67 million).

42 Other financial commitments

As of year-end, the following financial commitments mainly related to short-term and low value leases existed:

As of December 31, 2021

CHF million	Properties and buildings	Operating and office equipment	Total
2022	47	36	83
2023–2026	50	26	76
Later	11	–	11
Total	108	62	170

As of December 31, 2020

CHF million	Properties and buildings	Operating and office equipment	Total
2021	22	53	75
2022–2025	12	54	66
Later	2	–	2
Total	36	107	143

Details regarding the leases recognised in the income statement are described in note 27.

43 Capital commitments

As of year-end, the following capital commitments existed in respect of non-cancellable purchase contracts.

CHF million	Dec. 31, 2021	Dec. 31, 2020
Italy	11	4
Great Britain	2	16
Total	13	20

44 Risk management

Group risk management

Kuehne+Nagel has a centralised risk management in place. The risk and compliance committee ensures that the Group has implemented an effective and adequate risk management system and process. The overall strategical risk exposure of the Group was assessed, for operational risks an independent risk assessment procedure was adopted, and an assessment of financial risks was performed. Identified material risks are monitored on an ongoing basis and mitigating actions and controls are implemented.

Risk management, objectives and policies are described in the status report on page 16.

Financial risk management

The Group is exposed to various financial risks arising from its underlying operations and finance activities. The Group is primarily exposed to market risk (i.e. interest rate and currency risk) and to credit and liquidity risk.

Financial risk management within the Group is governed by policies and guidelines approved by the senior management. These policies and guidelines cover interest rate risk, currency risk, credit risk and liquidity risk. Group policies and guidelines also cover areas such as cash management, investment of excess funds and the raising of short and long-term debt. Compliance with the policies and guidelines is managed by independent functions within the Group. The objective of financial risk management is to contain, where deemed appropriate, exposures to the various types of financial risks mentioned above in order to limit any negative impact on the Group's results and financial position.

In accordance with its financial risk policies, the Group manages its market risk exposures by using financial instruments when deemed appropriate. It is the Group's policy and practice neither to enter into derivative transactions for trading or speculative purposes, nor for any purpose unrelated to business transactions.

Market risk

Market risk is the risk that changes of market prices due to interest rates and foreign exchange rates are affecting the Group's results and financial position.

Interest rate risk

Interest rate risk arises from movements in interest rates which could have effects on the Group's results and financial position. Changes in interest rates may cause variations in interest income and expenses resulting from interest-bearing assets and liabilities. Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Loans and investments at variable interest rates expose the Group to cash flow interest rate risk. Loans and investments at fixed interest rates expose the Group to fair value interest rate risk in case they are measured at fair value.

Exposure

The Group's exposure to interest rate risk relates primarily to its bank loans and to the Group's investments of its excess funds. The Group's exposure to changes in interest rates is limited due to the short-term nature of investments of excess funds and borrowings. The Group does not use derivative financial instruments to hedge its interest rate risk in respect of investments of excess funds or loans.

Profile

At the reporting date, the interest profile of the Group's interest-bearing financial assets and liabilities was as follows:

CHF million	2021	2020
	Carrying amount	Carrying amount
Variable rate instruments		
Cash and cash equivalents (excluding cash on hand)	2,298	1,697
Current bank and other interest-bearing liabilities	-5	-2
Total	2,293	1,695

Fair value sensitivity analysis – fixed rate instruments

As of December 31, 2021 and 2020, the Group does not hold significant investments in fixed rate instruments measured at fair value.

Cash flow sensitivity analysis – variable rate instruments

A change of 100 basis points in interest rates on December 31, 2021, would increase or decrease pre-tax profit or loss by CHF 23 million (2020: CHF 17 million) due to changed interest payments on variable rate interest-bearing liabilities and assets. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant.

Currency risk

Currency risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Exposure

The Group operates on a worldwide basis and, as a result, is exposed to movements in foreign currency exchange rates of mainly EUR and USD on sales, purchases, investments in debt securities and borrowings that are denominated in a currency other than the respective functional currencies of the Group entities. Monthly intercompany payments are conducted through a Group clearing system in EUR and USD which facilitates monitoring and control of the group-wide foreign exchange rate exposures.

To a limited extent, derivative financial instruments (foreign exchange contracts) are in use to hedge the foreign exchange exposure on outstanding balances in the Group's internal clearing system. Given that the Group's hedging activities are limited to hedges of recognised foreign currency monetary items, hedge accounting under IFRS 9 is not applied. As of the 2021 and 2020 year-end there were no material derivative instruments outstanding. Investments in foreign subsidiaries are not hedged as those currency positions are considered to be long-term in nature.

As of year-end the Group's exposure to foreign currency risk was as follows:

CHF million	2021		2020	
	EUR	USD	EUR	USD
Cash and cash equivalents	59	428	81	108
Trade receivables	81	774	58	394
Interest-bearing liabilities	-	-2	-	-1
Trade payables	-61	-327	-47	-136
Other liabilities	-	-248	-	-
Net balance sheet exposure	79	625	92	365

The majority of all trade related billings and payments as well as all payments of interest-bearing liabilities and lease liabilities are made in the respective functional currencies of the Group entities.

Sensitivity analysis

A ten percent strengthening respectively weakening of the CHF against the following currencies on December 31, would have had the following effect on the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

2021

CHF million	1 CHF/EUR	1 CHF/USD	1 USD/EUR
Reasonably possible change +/- in per cent	10.0	10.0	10.0
Effect on income statement +/- (pre-tax)	7.9	62.5	8.6

The impact on the profit or loss is mainly a result of foreign exchange gains or losses arising from revaluation of trade receivables, trade payables and cash and cash equivalents in foreign currencies. Significant fluctuations of foreign currency

exchange rates would not result in an impact on other comprehensive income. On December 31, 2021, no securities measured at fair value were held and no cash flow hedge accounting was applied.

2020

CHF million	1 CHF/EUR	1 CHF/USD	1 USD/EUR
Reasonably possible change +/- in per cent	10.0	10.0	10.0
Effect on income statement +/- (pre-tax)	9.2	36.5	10.3

Credit risk

Credit risk arises from the possibility that the counterparty to a transaction may be unable or unwilling to meet its obligations, causing a financial loss to the Group. Credit risk arises primarily from the Group's trade receivables, contract assets and bank balances.

Exposure

At the balance sheet date the maximum exposure to credit risk from financial and contract assets, without taking into account any collateral held, credit insurance or similar, was:

CHF million	2021	2020
Trade receivables	6,404	3,412
Contract assets	693	259
Other receivables	110	100
Cash and cash equivalents	2,298	1,697
Total	9,505	5,468

Trade receivables and contract assets

Trade receivables are subject to a policy of active risk management which focuses on the assessment of country risk, credit availability, ongoing credit evaluation, and account monitoring procedures. There are no significant concentrations of credit risk due to the Group's large number of customers and their wide

geographical spread. For a large part of credit exposures in critical countries, the Group has obtained credit insurance from first-class insurance companies (for further details refer to note 29).

The maximum exposure to credit risk for trade receivables and contract assets at the reporting date by geographical area was:

CHF million	2021	2020
EMEA	3,356	2,160
Americas	2,108	1,045
Asia-Pacific	1,633	466
Total	7,097	3,671

It is considered that the credit insurance is sufficient to cover potential credit risk concentrations.

Investments of excess funds

The Group considers its credit risk to be minimal in respect of excess funds invested in short-term deposits (with a maturity of less than three months) which are made in close coordination and management of Centralised Corporate Treasury function. The Group does not invest in equity securities.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Group companies require sufficient availability of cash to meet their obligations. Individual companies are generally responsible for their own cash management, including the short-term investment of cash surplus and the raising of loans to cover cash deficits subject to guidance or in certain cases approval at Group level. The Group maintains sufficient reserves of cash to meet its liquidity requirements at all times.

The following are the contractual maturities of financial liabilities (undiscounted), including interest payments and excluding the impact of netting agreements:

2021						
CHF million	Carrying amounts	Contractual cash flow	Up to 6 months	6-12 months	1-5 years	Over 5 years
Bank and other interest-bearing liabilities	5	5	5	-	-	-
Borrowings	400	401	-	200	201	-
Trade payables	2,994	2,994	2,994	-	-	-
Accrued trade expenses	2,200	2,200	2,200	-	-	-
Contingent consideration liabilities ¹	300	52	52	-	-	-
Put option to non-controlling interest ^{1,2}	1,448	876	-	-	876	-
Other liabilities	251	251	251	-	-	-
Lease liabilities ³	1,484	1,507	230	209	823	245
Total	9,082	8,286	5,732	409	1,900	245

¹ The differences between the carrying amounts and the contractual cash flows are expected to be paid in Company's shares.

² The put option is exercisable as of January 1, 2025.

³ The majority of lease payments over five years falls due until 2030.

2020						
CHF million	Carrying amounts	Contractual cash flow	Up to 6 months	6-12 months	1-5 years	Over 5 years
Bank and other interest-bearing liabilities	2	2	2	-	-	-
Borrowings	400	402	-	-	402	-
Trade payables	1,875	1,875	1,875	-	-	-
Accrued trade expenses	1,338	1,338	1,338	-	-	-
Contingent consideration liabilities	52	54	-	-	54	-
Other liabilities	232	232	232	-	-	-
Lease liabilities ¹	1,583	1,604	230	208	867	299
Total	5,482	5,507	3,677	208	1,323	299

¹ The majority of lease payments over five years falls due until 2030.

The exercise prices of the put options over non-controlling interests depend on the performance of Apex, as described in note 40. Depending on the actual performance of Apex, the actual payment amounts may vary significantly compared to the currently recognised liability. The Group reassesses the

performance scenarios of Apex on a quarterly basis and revaluates the liabilities accordingly. Otherwise, it is not expected that the cash flow included in the above maturity analysis could occur at significantly different points in time or at significantly different amounts.

45 Fair value of financial assets and liabilities

As of December 31, 2021

CHF million	Financial assets at FVPL	Financial assets at amortised cost	Total carrying amount	Total fair value
Trade receivables	–	6,404	6,404	6,404
Other receivables	6	107	113	113
Total	6	6,511	6,517	6,517

CHF million	Financial liabilities at FVPL	Financial liabilities at amortised cost	Total carrying amount	Total fair value
Bank and other interest-bearing liabilities	–	205	205	205
Borrowings	–	200	200	201
Trade payables	–	2,994	2,994	2,994
Accrued trade expenses	–	2,200	2,200	2,200
Contingent consideration liabilities	300	–	300	300
Put option to non-controlling interest	–	1,448	1,448	1,448
Other liabilities	–	251	251	251
Total	300	7,298	7,598	7,599

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
Bank and other interest-bearing liabilities	–	2	2	2
Borrowings	–	400	400	400
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

On June 18, 2019, the Kuehne+Nagel Group issued a CHF 200 million public bond with a nominal interest rate of 0.02 per cent due on November 18, 2022, and a CHF 200 million public bond with a nominal interest rate of 0.2 per cent due on June 18, 2025, both with redemption at par (quoted prices, level 1 fair value of CHF 400 million on December 31, 2021, CHF 400 million in 2020). There are no other non-current fixed rate interest-bearing loans or other liabilities outstanding (December 31, 2020: none).

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

In 2021, the additions to level 3 financial liabilities relate to contingent consideration liabilities of CHF 242 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 for further details). At the balance sheet date, the carrying amount of the put option liability amounted to CHF 1,448 million and is recognised in the balance sheet items "Other current liabilities" and "Other non-current liabilities".

The Group's financial instruments measured at fair value have been categorised into below mentioned levels, reflecting the significance of inputs used in estimating fair values:

- Level 1: Quoted prices (unadjusted) in active markets for identical instruments.
- Level 2: Input other than quoted prices included within Level 1 that are observable for the instrument, either directly or indirectly,
- Level 3: Valuation techniques using significant unobservable inputs.

The fair value of the derivative instruments (forward foreign exchange contracts) is determined based on current and available market data. Pricing models commonly used in the market are used, taking into account relevant parameters such as forward rates, spot rates, discount rates, yield curves and volatility.

Contingent considerations, resulting from business combinations, are valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently measured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor. Management has reassessed the estimated performance targets (significant unobservable input, level 3), no significant change compared to December 31, 2020 has resulted.

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 (gains)/losses included in the income statement	
– Discount unwind and foreign exchange revaluation – recorded within financial income/expenses	8
Total (gains)/losses included in other comprehensive income	
Effects of movements in foreign exchange	2
Balance as of December 31, 2021	300
of which	
– Current portion	135
– Non-current portion	165

46 Related parties and transactions

The Group has a related party relationship with its subsidiaries, joint ventures, associates, shareholders and with its Board of Directors and Management Board.

Subsidiaries, joint ventures and associates

The Group's operations involve operating activities between the parent company and its subsidiaries and between the subsidiaries themselves due to the nature of business. Overheads are, to a certain extent, also charged to the subsidiaries based on their use of services provided. All these transactions are

eliminated upon consolidation. There were no significant transactions between the Group and its joint ventures and other related parties.

Transactions with related parties are conducted at arm's length.

Board of Directors and Management Board

The details of the total compensation and remuneration paid to and accrued for the members of the Board of Directors and the Management Board of Kuehne + Nagel International AG, Schindellegi, Switzerland, are shown in the table below:

CHF million	Management Board		Board of Directors	
	2021	2020	2021	2020
Wages, salaries and other short-term employee benefits	19.3	15.1	4.4	4.3
Post-employment benefits	1.7	1.6	0.3	0.2
Share-based compensation	2.8	2.4	–	–
Total compensation	23.8	19.1	4.7	4.5

As of December 31, 2021, no loans or any other commitments were outstanding towards members neither of the Board of Directors nor of the Management Board. Members of the Board of Directors and the Management Board control 53.3 per cent (2020: 53.7 per cent) of the voting shares of the Company.

For disclosure requirements according to the Swiss law (Article 663bbis/c CO), refer to pages 136 to 137; note 13 of the financial statements of Kuehne + Nagel International AG. For other related parties refer to note 32 outlining the shareholders' structure, and pages 113 to 122 listing the Group's significant subsidiaries and joint ventures.

47 Accounting estimates and judgements

The management has carefully considered the development, selection and disclosure of the Group's critical accounting policies and estimates as well as the application of these policies and estimates.

Acquisition accounting

Intangible assets acquired in a business combination are required to be recognised separately from goodwill and amortised over their useful life if they are subject to contractual or legal rights or are separately transferable. The Group has separately recognised customer contracts/lists, brands and agent contracts in acquisitions made (see note 28).

The fair value of these acquired intangible assets is based on valuation techniques, which require input based on assumptions about the future. The management uses its best knowledge to estimate fair value of acquired intangible assets as of the acquisition date. The value of intangible assets is tested for impairment when there is an indication that they might be impaired (see below). The management must also make assumptions about the useful life of the acquired intangible assets which might be affected by external factors such as increased competition.

Carrying amount of goodwill, other intangibles and property, plant and equipment

The Group tests its goodwill with a total carrying amount of CHF 2,290 million (2020: CHF 1,155 million) for impairment every year as disclosed in note 10.

The Group also assesses annually whether there is any indication that other intangible assets or property, plant and equipment may be impaired. In such a case, the assets are tested for impairment. As a result of the impairment testing, no impairment loss on goodwill was recognised in 2021 and 2020, other than mentioned in the next paragraph. However, due to the down-trading of several aviation customers, other intangible assets (customer lists) with the carrying amount of CHF 52 million were impaired in 2020.

In 2020, in relation to a binding agreement to sell a major part of its Contract Logistics business in the United Kingdom to XPO Logistics, Inc. (NYSE: XPO), the Group recorded impairment charges on goodwill of CHF 18 million as well as CHF 49 million on other assets held for sale to reduce the net carrying amount of the assets held for sale to their fair value less costs to sell. For further details refer to note 40.

In 2021, the Group recorded no impairment charges on goodwill (2020: CHF 18 million), other intangible assets (2020: CHF 52 million) and assets held for sale (2020: CHF 49 million). The carrying amount of other intangibles is CHF 247 million (2020: CHF 101 million), and that of property, plant and equipment is CHF 766 million (2020: CHF 797 million).

Impairment tests are based on value-in-use calculations, which involve a variety of assumptions such as estimates of future cash inflows and outflows and choice of a discount rate. Actual cash flows might, for example, differ significantly from management's current best estimate. Changes in market environment or the evolution of technologies might have an impact on future cash flows and result in recognition of impairment losses.

Fair value of contingent considerations

Contingent considerations, resulting from business combinations, are measured at fair value at the acquisition date as part of the business combination. When a contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

As part of the accounting for the acquisition of the Apex Group, a contingent consideration with an estimated fair value of CHF 242 million was recognised at the acquisition date. As of December 31, 2021, the Group has recognised total contingent consideration liabilities of CHF 300 million (2020: CHF 52 million). The contingent considerations are classified as other financial liabilities. For further details see notes 40 and 45.

Put option to non-controlling interest

Resulting from business combinations, a put option to non-controlling interest is recognised at the acquisition date as part of the business combination. 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.

In connection with the Apex Group transactions, a put option liability to non-controlling interest with an estimated carrying amount of CHF 1,448 million was recognised at balance sheet date. The put option liability to non-controlling interest is classified as other financial liability. The option exercise price depends on an EBITDA multiple and depends on the performance of Apex. Depending on the actual performance of Apex, the actual payment amounts may vary significantly compared to the currently recognised liability. The Group reassesses the performance scenarios of Apex on a quarterly basis and revalues the liabilities accordingly. For further details see note 40.

Defined benefit pension plans

The Group has recognised a liability for defined benefit pension plans in the amount of CHF 353 million (2020: CHF 405 million). A number of assumptions are made in order to calculate the liability, including discount rate and future salary increases. A relatively minor change in any of these assumptions can have a significant impact on the carrying amount of the defined benefit obligation.

Accrued trade expenses and deferred income

Freight forwarding transactions which are completed and for which the costs are not fully received, are accrued for expected costs based on best estimate. For transactions which are not complete on account of pending service at cut-off date or transactions for which revenue is earned and relevant costs cannot be estimated, the related revenue is deferred. The Group management's judgement is involved in the estimate of costs and deferral of revenue and their completeness.

Income tax

Judgement and estimates are required when determining deferred as well as current tax assets and liabilities. The management believes that its estimates, based on information such as the interpretation of tax laws, are reasonable. Changes in tax laws and rates, interpretations of tax laws, earnings before tax, and taxable profit might have an impact on the amounts recognised as tax assets and liabilities.

The Group has recognised a net deferred tax asset of CHF 90 million (2020: CHF 189 million). Furthermore, the Group has unrecognised deferred tax assets relating to unused tax losses of CHF 12 million (2020: CHF 16 million). Based on estimates such as the probability of realising these tax benefits, available taxable temporary differences, and periods of reversals of such differences, the management does not believe that the criteria to recognise deferred tax assets are met (see note 24).

Provisions and contingent liabilities

The Group has recognised provisions for an amount of CHF 135 million (2020: CHF 121 million) related to legal claims and other exposures in the freight forwarding and logistics operations (see note 36). The provisions represent the best estimate of the risks, whereby the final amount required is subject to uncertainty.

48 Post balance sheet events

There have been no material events between December 31, 2021, and the date of authorisation of the consolidated financial statements that would require adjustments of the consolidated financial statements or disclosure.

49 Resolution of the Board of Directors

The consolidated financial statements of the Group were authorised for issue by the Board of Directors on March 1, 2022. A resolution to approve the consolidated financial statements will be proposed at the Annual General Meeting on May 3, 2022.

Significant consolidated subsidiaries and joint ventures

Holding and management companies

Country	Name of the company	Location	Currency	Share capital in thousand	Voting rights in per cent
Switzerland	Kuehne + Nagel International AG	Schindellegi	CHF	120,754	100
	Kuehne + Nagel Management AG ¹	Schindellegi	CHF	1,000	100
	Kuehne + Nagel Liegenschaften AG ¹	Schindellegi	CHF	500	100
	Nacora Holding AG ¹	Schindellegi	CHF	500	100
	Nacora Agencies AG	Schindellegi	CHF	400	100
	Kuehne + Nagel Real Estate Holding AG ¹	Schindellegi	CHF	100	100
	Kuehne + Nagel Finance AG ¹	Schindellegi	CHF	100	100

¹ Directly held by Kuehne + Nagel International AG.

Operating companies

Europe, Middle East and Africa (EMEA)					
Country	Name of the company	Location	Currency	Share capital in thousand	Voting rights in per cent
Albania	Transalbania Sh.p.k	Tirana	ALL	41,725	51
Angola	Kuehne & Nagel (Angola) Transitarios Lda ¹	Luanda	AOA	7,824	100
Austria	Kuehne + Nagel Eastern Europe AG ¹	Vienna	EUR	1,090	100
	Kuehne + Nagel GmbH	Vienna	EUR	1,820	100
	Nacora Insurance Brokers GmbH	Vienna	EUR	35	100
	SLM Spedition & Logistik GmbH	Wiener Neudorf	EUR	35	100
Azerbaijan	Kuehne + Nagel LLC	Baku	AZN	42	100
Bahrain	Kuehne + Nagel WLL ¹	Manama	BHD	750	100
Belarus	Kuehne + Nagel FPE	Minsk	BYN	1,128	100

¹ Directly held by Kuehne + Nagel International AG.

Europe, Middle East and Africa (EMEA)					
Country	Name of the company	Location	Currency	Share capital in thousand	Voting rights in per cent
Belgium	Kuehne + Nagel NV	Antwerp	EUR	6,338	100
	Kuehne + Nagel Logistics NV	Geel	EUR	5,206	100
	Nacora Insurance Brokers NV	Brussels	EUR	155	100
	Logistics Kontich BVBA	Kontich	EUR	837	100
	Logistics Nivelles NV	Nivelles	EUR	661	100
Bosnia and Herzegovina	Kuehne + Nagel doo	Sarajevo	BAM	95	100
Bulgaria	Kuehne + Nagel EOOD	Sofia	BGN	365	100
Croatia	Kuehne + Nagel d.o.o.	Zagreb	HRK	4,300	100
Cyprus	Nakufreight Limited	Nicosia	EUR	17	100
Czech Republic	Kuehne + Nagel spol. s. r.o.	Prague	CZK	21,000	100
Denmark	Kuehne + Nagel A/S ¹	Copenhagen	DKK	5,001	100
Egypt	Kuehne + Nagel Ltd. ¹	Cairo	EGP	1,000	100
Estonia	Kuehne + Nagel AS	Tallinn	EUR	26	100
	Kuehne + Nagel IT Service Centre AS	Tallinn	EUR	25	100
Finland	Oy Kuehne + Nagel Ltd	Helsinki	EUR	200	100
France	Kuehne + Nagel SAS	Ferrières	EUR	17,380	100
	Kuehne + Nagel Parts SASU	Trappes	EUR	87	100
	Nacora Courtage d'Assurances SAS	Paris	EUR	40	100
	Kuehne + Nagel Aerospace & Industry SAS	Ferrières	EUR	37	100
	Kuehne + Nagel EASYLOG SAS	Ferrières	EUR	37	100
	Kuehne + Nagel Road SAS	Villefranche	EUR	4,000	100
	IM Overland SARL	Villefranche	EUR	8	100
	Almecca SNC	Villefranche	EUR	32	100
	Kuehne + Nagel Participations Sarl	Ferrières	EUR	113,697	100
	K Logistics Sarl	Le Meux	EUR	91	100
	Kuehne + Nagel Solutions	Saint Vulbas	EUR	10	100
	Kuehne + Nagel Insitu SASU	Chalon sur Saone	EUR	10	100
	Quick International France SAS	Villepinte	EUR	50	100
	Kuehne + Nagel (AG & Co.) KG	Bremen	EUR	15,000	100
	KN Airlift GmbH	Frankfurt	EUR	256	100
Germany	Stute Logistics (AG & Co.) KG	Bremen	EUR	1,023	100
	CS Parts Logistics GmbH	Bremen	EUR	426	50
	Kuehne + Nagel Euroshipping GmbH	Regensburg	EUR	256	51
	Stute Aftermarket Services GmbH-DE	Bremen	EUR	357	100
	Nacora Versicherungsmakler GmbH	Hamburg	EUR	79	100

¹ Directly held by Kuehne + Nagel International AG.

Europe, Middle East and Africa (EMEA)					
Country	Name of the company	Location	Currency	Share capital in thousand	Voting rights in per cent
	Gustav. F. Huebener GmbH	Hamburg	EUR	31	100
	Kuehne + Nagel Logistics Langenau GmbH	Langenau	EUR	25	100
	Kuehne + Nagel Intermodal GmbH	Bielefeld	EUR	300	100
	Aba Logistics GmbH (Joint Venture)	Fulda	EUR	200	50
	Donau Transport und Umschlags GmbH (Joint Venture)	Regensburg	EUR	108	50
	Anchor Risk Services GmbH	Hamburg	EUR	25	100
	Apex Global Logistics (DE) GmbH ²	Kelsterbach	EUR	350	100
Great Britain	Kuehne + Nagel (UK) Limited	Uxbridge	EUR	46,300	100
	Kuehne + Nagel Limited	Uxbridge	GBP	8,867	100
	Nacora Insurance Brokers Limited	Uxbridge	GBP	150	100
	Quick International Couriers (UK) Limited	Colnbrook	GBP	–	100
Greece	Kuehne + Nagel AE	Athens	EUR	6,528	100
	Nacora Brokins International AE	Athens	EUR	60	60
	Sindos Railcontainer Services AE (Joint Venture)	Thessaloniki	EUR	3,038	50
Hungary	Kuehne + Nagel Kft	Budapest	HUF	134,600	100
Iraq	Jawharat Al-Sharq Co. for General Transportation and Logistics Services L.L.C.	Baghdad	USD	85	100
	Kuehne + Nagel for General Transportation and Logistics Services L.L.C.	Erbil	USD	45	100
Ireland	Kuehne & Nagel (Ireland) Limited	Dublin	EUR	500	100
Israel	Amex Ltd.	Holon	ILS	2	91
Italy	Kuehne + Nagel Srl	Milan	EUR	4,589	100
	Nacora Srl	Milan	EUR	104	100
Jordan	Kuehne and Nagel Jordan Ltd.	Amman	JOD	300	100
Kazakhstan	Kuehne + Nagel LLC	Almaty	KZT	181,100	100
Kenya	Kuehne + Nagel Limited ¹	Nairobi	KES	63,995	100
	Blue Anchor Line Limited	Nairobi	KES	500	100
	Trillvane Limited	Nairobi	KES	750	100
Kuwait	Kuehne + Nagel Company W.L.L. ¹	Kuwait	KWD	150	100

¹ Directly held by Kuehne + Nagel International AG.

² The voting rights of these companies represent the direct percentage of the interest.
The indirect percentage of the non-controlling interest amounts to 36.5%.

Europe, Middle East and Africa (EMEA)					
Country	Name of the company	Location	Currency	Share capital in thousand	Voting rights in per cent
Latvia	Kuehne + Nagel SIA	Riga	EUR	142	100
Lithuania	Kuehne & Nagel UAB	Vilnius	EUR	232	100
Luxembourg	Kuehne + Nagel S.a.r.l.	Contern	EUR	5,750	100
	Kuehne + Nagel AG	Contern	EUR	31	100
	Kuehne + Nagel Investments S.a.r.l. ¹	Contern	EUR	200	100
	Nacora (Luxembourg) S.a.r.l.	Contern	EUR	125	100
	Kuehne + Nagel Beteiligungs-AG ¹	Contern	EUR	10,277	100
Malta	Kuehne + Nagel Limited	Hamrun	EUR	14	100
Mauritius	KN (Mauritius) Limited ¹	Port Louis	MUR	4,000	100
Morocco	Kuehne + Nagel SAS	Casablanca	MAD	300	100
Mozambique	Kuehne & Nagel Mocambique Lda. ¹	Maputo	MZN	125,883	100
Namibia	Kuehne and Nagel (Pty) Ltd. ¹	Windhoek	NAD	340	100
Netherlands	Kuehne + Nagel N.V.	Rotterdam	EUR	3,325	100
	Kuehne + Nagel Investments B.V. ¹	Rotterdam	EUR	50	100
	Nacora Assurantiekantoor B.V.	Rotterdam	EUR	45	100
	Kuehne + Nagel Logistics B.V.	Veghel	EUR	25	100
	Apex Global Logistics (NL) B.V. ²	Oude Meer	EUR	19,404	100
North Macedonia	Kuehne + Nagel d.o.o.e.l.	Skopje	MKD	3,216	100
Norway	Kuehne + Nagel AS	Oslo	NOK	3,100	100
	Salmosped AS	Jessheim	NOK	30	100
Oman	Universal Freight Services LLC	Muscat	OMR	250	70
Poland	Kuehne + Nagel Sp. z o.o.	Poznan	PLN	14,869	100
	Kuehne + Nagel Real Estate Sp. z o.o.	Gadki	PLN	1,451	100
Portugal	Kuehne + Nagel Lda	Porto	EUR	200	100
Qatar	Kuehne + Nagel L.L.C. ¹	Doha	QAR	1,900	100
Romania	Kuehne + Nagel SRL	Bucharest	RON	2,543	100
	Truck Supply Europe Srl	Ploiesti	RON	442	100
Russia	OOO Kuehne + Nagel	Moscow	RUB	1,345,037	100
	OOO Kuehne & Nagel Sakhalin	Sakhalin	RUB	500	100
	OOO Nacora	Moscow	RUB	278	100

¹ Directly held by Kuehne + Nagel International AG.

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The indirect percentage of the non-controlling interest amounts to 36.5%.

Europe, Middle East and Africa (EMEA)					
Country	Name of the company	Location	Currency	Share capital in thousand	Voting rights in per cent
Saudi Arabia	Kuehne and Nagel Limited ¹	Jeddah	SAR	1,000	100
Serbia	Kuehne + Nagel d.o.o.	Belgrade	RSD	3,039	100
	Kuehne + Nagel Shared Service Centre d.o.o.	Belgrade	RSD	15,000	100
Slovakia	Kuehne + Nagel s.r.o.	Bratislava	EUR	470	100
Slovenia	Kuehne + Nagel d.o.o.	Ljubljana	EUR	10	100
	JOEBSTL I d.o.o.	Ljubljana	EUR	–	100
South Africa	Kuehne + Nagel (Proprietary) Limited ¹	Johannesburg	ZAR	1,652	70
	Nacora Insurance Brokers (Proprietary) Limited	Johannesburg	ZAR	35	100
Spain	Kuehne & Nagel S.A.U.	Madrid	EUR	60	100
	Kuehne Nagel Investments S.L.U.	Madrid	EUR	3	100
	Nacora Correduria de Seguros S.A.	Barcelona	EUR	150	100
Sweden	Kuehne & Nagel AB	Stockholm	SEK	500	100
	Kuehne & Nagel Investment AB ¹	Stockholm	EUR	112	100
	Nacora International Insurance Brokers AB	Stockholm	SEK	100	100
Switzerland	Kuehne + Nagel AG	Opfikon	CHF	3,000	100
	Nacora Insurance Brokers AG	Opfikon	CHF	100	100
Tanzania	Kuehne + Nagel Limited ¹	Dar es Salaam	TZS	525,000	100
	Blue Anchor Line International Limited	Dar es Salaam	TZS	21,000	100
Turkey	Kuehne + Nagel Nakliyat Ltd. Sti.	Istanbul	TRY	5,195	100
	Zet Farma Lojistik Hizmetleri Sanayi ve Ticaret A.S.	Istanbul	TRY	2,500	100
	Nacora Sigorta Brokerligi A.S.	Istanbul	TRY	300	100
UAE	Kuehne + Nagel L.L.C. ¹	Dubai	AED	1,000	100
	Kuehne + Nagel L.L.C. ¹	Abu Dhabi	AED	1,000	100
	Kuehne + Nagel DWC L.L.C.	Dubai	AED	13,000	100
	Kuehne + Nagel Management ME FZE ¹	Dubai	AED	1,000	100
Uganda	Kuehne + Nagel Limited ¹	Kampala	UGX	827,500	100
Ukraine	Kuehne + Nagel SE.	Kiev	UAH	26,975	100

¹ Directly held by Kuehne + Nagel International AG.

Americas					
Country	Name of the company	Location	Currency	Share capital in thousand	Voting rights in per cent
Argentina	Kuehne + Nagel S.A.	Buenos Aires	ARS	3,208	100
	Nacora S.A.	Buenos Aires	ARS	20	100
Bolivia	Kuehne + Nagel Ltda. ¹	Santa Cruz	BOB	260	100
Brazil	Kuehne + Nagel Serviços Logísticos Ltda. ¹	Sao Paulo	BRL	210,804	100
	Nacora Corretagens de Seguros Ltda.	Sao Paulo	BRL	1,094	100
Canada	Kuehne + Nagel Ltd. ¹	Toronto	CAD	2,910	100
	Nacora Insurance Brokers Ltd.	Toronto	CAD	–	100
	Kuehne + Nagel Real Estate Ltd.	Toronto	CAD	–	100
	Kuehne + Nagel Services Ltd. ¹	Vancouver	USD	1,522	100
	GFH Underwriting Agency Ltd.	Toronto	CAD	–	100
	ReTransportation Canada Inc.	Toronto	CAD	1,878	100
	Apex Supply Chain Management Inc. ²	North York	CAD	223	100
Chile	Kuehne + Nagel Ltda. ¹	Santiago	CLP	575,000	100
Colombia	Kuehne + Nagel S.A.S. ¹	Bogotá	COP	5,184,600	100
	Agencia de Aduanas KN Colombia S.A.S. Nivel 2 ¹	Bogotá	COP	595,000	100
	Nacora LTDA Agencia de Seguros	Bogotá	COP	20,000	100
Costa Rica	Kuehne + Nagel S.A. ¹	San Jose	CRC	–	100
	KN Shared Service Centre S.A. ¹	San Jose	CRC	–	100
Cuba	Kuehne Nagel Logistic Services S.A.	Havana	CUC	–	100
Dominican Republic	Nakufreight SAS (Joint Venture)	Santo Domingo	DOP	3,000	50
Ecuador	Kuehne + Nagel S. A. ¹	Quito	USD	7	100
El Salvador	Kuehne + Nagel S.A. de C.V. ¹	San Salvador	USD	69	100
Guatemala	Kuehne + Nagel S.A. ¹	Guatemala	GTQ	4,245	100
Honduras	Kuehne + Nagel S.A. ¹	San Pedro Sula	HNL	25	100
Mexico	Kuehne + Nagel S.A. de C.V. ¹	Mexico City	MXN	24,447	100
	Kuehne + Nagel Servicios Administrativos S.A. de C.V. ¹	Mexico City	MXN	50	100
	Nacora Mexico Agente de Seguros S.A. de C.V.	Mexico City	MXN	50	100
	Asia Pacific Express Logistics S DE RL DE CV ²	Napoles	MXN	2,679	99.97

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The indirect percentage of the non-controlling interest amounts to 36.5%.

Americas					
Country	Name of the company	Location	Currency	Share capital in thousand	Voting rights in per cent
Nicaragua	Kuehne + Nagel S.A. ¹	Managua	NIO	13,735	100
Panama	Kuehne + Nagel S.A. ¹	Colon	USD	1	100
	Kuehne + Nagel Management S.A. ¹	Colon	USD	10	100
Peru	Kuehne + Nagel S.A. ¹	Lima	PEN	11,067	100
Trinidad & Tobago	Kuehne + Nagel Ltd.	Port of Spain	TTD	31	100
Uruguay	Kuehne + Nagel S.A. ¹	Montevideo	UYU	3,908	100
USA	Kuehne + Nagel Investment Inc.	Jersey City	USD	1,400	100
	Kuehne + Nagel Inc.	Jersey City	USD	1,861	100
	Nacora Insurance Brokers Inc.	Jersey City	USD	25	100
	Kuehne + Nagel Special Logistics Inc.	Dulles	USD	30	100
	Kuehne + Nagel Real Estate USA Inc.	Jersey City	USD	–	100
	Kuehne + Nagel Nevada, Inc.	McCarran	USD	2	100
	ReTransportation Inc.	Memphis	USD	543	100
	ReTrans Freight Inc.	Fall River	USD	23,229	100
	Commodity Forwarders Inc.	Los Angeles	USD	1,220	100
	Q International Courier, LLC	Jamaica	USD	–	100
	Apex Holdings Group, Inc. ²	Rancho Dominguez	USD	5,300	100
	Apex Cargo Transportation Inc. ²	Rancho Dominguez	USD	75	100
	Apex Logistics International Inc. ²	Rancho Dominguez	USD	365	100
	Apex Logistics International (LAX), Inc. ²	Rancho Dominguez	USD	1,878	100
	Apex Logistics International JFK Inc. ²	Kent	USD	416	100
	Apex Logistics International NY, Inc. ²	Springfield Gardens	USD	2,162	100
	Apex Logistics International (ORD), Inc. ²	Franklin Park	USD	970	100
	Apex Logistics International (MIA), Inc. ²	Miami	USD	799	100
	Apex Logistics International (SEA), Inc. ²	Kent	USD	566	100
	Apex Cargo International (DFW), Inc. ²	Dallas	USD	122	100
	Apex Logistics International (SFO) Inc. ²	San Francisco	USD	1,500	100
Venezuela	Kuehne + Nagel S.A. ¹	Caracas	VES	–	100
	KN Venezuela Aduanas C.A.	Caracas	VES	–	100

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² The voting rights of these companies represent the direct percentage of the interest.
The indirect percentage of the non-controlling interest amounts to 36.5%.

Asia-Pacific					
Country	Name of the company	Location	Currency	Share capital in thousand	Voting rights in per cent
Australia	Kuehne & Nagel Pty Ltd. ¹	Melbourne	AUD	2,900	100
	Nacora Insurance Services Pty Ltd.	Melbourne	AUD	–	100
	Kuehne + Nagel Real Estate Pty Ltd.	Melbourne	AUD	6,589	100
	Apex Supply Chain Management (AU) Pty. Ltd. ²	Melbourne	AUD	1,000	80
	Apex Supply Chain Management (SYD) Pty. Ltd. ²	Sydney	AUD	–	100
Bangladesh	Kuehne + Nagel Limited ¹	Dhaka	BDT	10,000	100
Cambodia	Kuehne + Nagel Limited ¹	Phnom Penh	USD	5	100
China	KN-Sincero Logistics Co. Ltd.	Shanghai	CNY	30,000	51
	Zhejiang Jiajin Logistics Co. Ltd.	Huzhou	CNY	10,000	51
	Wuhan Zhisheng Logistics Co. Ltd.	Wuhan	CNY	10,000	51
	Shenzhen Hua Tie Xun Logistics Co. Ltd.	Shenzhen	CNY	5,000	51
	Kuehne & Nagel Ltd.	Shanghai	CNY	25,072	100
	Kuehne & Nagel Logistics Co. Ltd.	Shanghai	CNY	5,515	100
	Kuehne & Nagel Information Center Ltd.	Foshan	CNY	1,000	100
	Hefei Shunzhuo Supply Chain Management Co. Ltd. ²	Hefei	CNY	–	100
	Apex Logistics International (CN) Ltd. ²	Shanghai	CNY	80,000	100
	Apex Logistics International (Qingdao) Ltd. ²	Qingdao	CNY	9,000	100
	Apex Logistics International (Chongqing) Ltd. ²	Chongqing	CNY	8,000	100
	Apex Logistics International (Guangzhou) Ltd. ²	Guangzhou	CNY	23,000	100
	Apex Logistics International (Hangzhou) Ltd. ²	Hangzhou	CNY	5,000	100
	Apex Logistics International (Tianjin) Ltd. ²	Tianjin	CNY	12,000	100
	Apex Logistics International (Beijing) Ltd. ²	Beijing	CNY	15,000	100
	D&P International Freight Transportation Co. Ltd. ²	Shanghai	CNY	6,000	100
	Apex Enterprise Management Shenzhen Co. Ltd ²	Shenzhen	CNY	–	100
	Apex Logistics International (Shenzhen) Ltd. ²	Shenzhen	CNY	20,882	100
	Shanghai Shunzhuo Supply Chain Co. Ltd. ²	Shanghai	CNY	10,000	100
	Hefei Wellwin International Logistics Co. Ltd. ²	Hefei	CNY	–	100

¹ Directly held by Kuehne + Nagel International AG.

² The voting rights of these companies represent the direct percentage of the interest. The indirect percentage of the non-controlling interest amounts to 36.5%.

Asia-Pacific					
Country	Name of the company	Location	Currency	Share capital in thousand	Voting rights in per cent
China	Hefei Shengshitong International Logistics Co. Ltd. ²	Hefei	CNY	–	100
	Shanghai Shunzhuo International Logistics Co. Ltd. ²	Shanghai	CNY	–	100
	Guangzhou Shengyuan Supply Chain Management Co. Ltd. ²	Guangzhou	CNY	–	100
	Wuhan Shengyuan Supply Chain Management Co. Ltd. ²	Wuhan	CNY	–	90
	Shanghai Qi'an International Logistics Limited ²	Shanghai	CNY	–	100
	Shanghai Shunpu Intelligence Technology Development Co. Ltd. ²	Shanghai	CNY	10,000	100
	Shanghai Apex Qida International Logistics Co. Ltd. ²	Shanghai	CNY	5,000	55
	Apex Logistics International (Xi'an) Ltd. ²	Xi An	CNY	–	100
	Sinpex Connection Logistics (Shanghai) Limited ²	Shanghai	CNY	–	100
	Sinpex Connection Logistics (Ningbo) Limited ²	Ningbo	CNY	–	100
	Sinpex Connection Logistics (Nanjing) Limited ²	Nanjing	CNY	–	100
	Sinpex Connection Logistics (Shenzhen) Limited ²	Shenzhen	CNY	10,000	100
	Sinpex Connection Logistics (Xiamen) Limited ²	Xiamen	CNY	800	100
	Sinpex Connection Logistics (Tianjin) Limited ²	Tianjin	CNY	300	100
	Sinpex Connection Logistics (Qingdao) Limited ²	Qingdao	CNY	300	100
	Sinpex Connection Logistics (Zhongshan) Limited ²	Zhongshan	CNY	400	100
	Apex Shenggang International Logistics (Shanghai) Ltd. ²	Shanghai	CNY	–	100
	Kuehne & Nagel Ltd. ¹	Hong Kong	HKD	1,560	100
	Transpac Container System Ltd. ¹	Hong Kong	HKD	100	100
	Nacora Insurance Brokers Ltd.	Hong Kong	HKD	500	100
	Zhuoyuan Intelligence Technology Co. Ltd. ²	Kowloon	HKD	10,000	100
	Apex Logistics International (HK) Ltd. ²	Kowloon	HKD	260,000	100
	Sinpex Connection Logistics Limited ²	Kowloon	HKD	77,964	100
	Kuehne & Nagel Ltd.	Macao	HKD	971	100
India	Kuehne + Nagel Pvt. Ltd. ¹	New Delhi	INR	30,000	100
Indonesia	PT. Naku Freight Indonesia ¹	Jakarta	IDR	13,500,100	95
	PT. Naku Logistics Indonesia	Jakarta	IDR	24,455,000	67

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Asia-Pacific					
Country	Name of the company	Location	Currency	Share capital in thousand	Voting rights in per cent
Japan	Kuehne + Nagel Ltd.	Tokyo	JPY	80,000	100
	Nacora Japan Insurance Solutions Ltd.	Tokyo	JPY	9,900	100
	APEX Logistics International (Japan) Co. Ltd. ²	Tokyo	JPY	150,000	100
Korea	Kuehne + Nagel Ltd. ¹	Seoul	KRW	500,000	100
	Apex Logistics International (Korea) Limited ²	Seoul	KRW	5,026,375	60
	D&P International Freight Transportation ²	Seoul	KRW	300,000	60
	Sinpex Connection Logistics Co. Ltd. ²	Seoul	KRW	300,000	60
Malaysia	Kuehne + Nagel Sdn. Bhd. ¹	Kuala Lumpur	MYR	1,000	100
	Nacora (Malaysia) Sdn. Bhd.	Kuala Lumpur	MYR	100	100
Maldives	Kuehne + Nagel Private Limited ¹	Male	USD	1	100
Myanmar	Kuehne + Nagel Ltd. ¹	Yangon	USD	50	100
New Zealand	Kuehne + Nagel Limited ¹	Auckland	NZD	25,200	100
	Nacora Insurance Services Limited	Auckland	NZD	10	100
Pakistan	Kuehne + Nagel (Private) Limited. ¹	Karachi	PKR	9,800	100
Philippines	Kuehne + Nagel Inc. ¹	Manila	PHP	5,000	100
	Kuehne + Nagel Logistics Solutions Inc. ¹	Manila	PHP	5,000	100
	Kuehne + Nagel Shared Service Center Inc.	Cebu	PHP	10,500	51
Singapore	Kuehne + Nagel Pte. Ltd. ¹	Singapore	SGD	72,250	100
	Modern Office Pte. Ltd.	Singapore	USD	6,401	100
	Nacora Insurance Agency Pte. Ltd.	Singapore	SGD	100	100
	Kuehne + Nagel (Asia Pacific) Management Pte. Ltd. ¹	Singapore	SGD	8,814	100
	Kuehne + Nagel Real Estate Pte Ltd	Singapore	SGD	72,000	100
	Kuehne+Nagel (Asia Pacific) Holding Pte Ltd ¹	Singapore	SGD	13,385	100
	Apex Logistics International (S) Pte.Ltd. ²	Singapore	SGD	2,002	100
	Apex Development Group Limited ²	Singapore	USD	–	100
	Apex International Corporation ¹	Singapore	USD	26	63.5
	Apex International Corporation ¹	Singapore	USD	26	63.5
Sri Lanka	Kuehne & Nagel (Pvt) Ltd. ¹	Colombo	LKR	2,502	100
Taiwan	Kuehne + Nagel Ltd.	Taipei	TWD	20,000	100
	Nacora Insurance Brokers Ltd.	Taipei	TWD	10,000	100
	Apex Logistics International (TW) Ltd. ²	Taipei	TWD	53	100
Thailand	Kuehne + Nagel Limited	Bangkok	THB	20,000	100
Vietnam	Kuehne + Nagel Company Limited ¹	Ho Chi Minh City	VND	155,022,000	100
	Apex Logistics International (Vietnam) Company Limited ²	Hanoi	VND	26,910	100

¹ Directly held by Kuehne + Nagel International AG.

² The voting rights of these companies represent the direct percentage of the interest.
The indirect percentage of the non-controlling interest amounts to 36.5%.

Report of the statutory auditor on the consolidated financial statements to the General Meeting of Kuehne + Nagel International AG, Schindellegi (Feusisberg), Switzerland



Opinion

We have audited the consolidated financial statements of Kuehne + Nagel International AG and its subsidiaries (the Group), which comprise the balance sheet as at December 31, 2021, and the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows 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 45 to 122) give a true and fair view of the consolidated financial position of the Group as at December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.



Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. 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, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code) 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.



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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the consolidated financial statements.

Valuation of goodwill

Area of focus

As of December 31, 2021, the Group has recorded goodwill of CHF 2,290 million.

The carrying value of goodwill is tested annually for impairment. The impairment assessment for goodwill is dependent on the estimation of, amongst others, future cash flows and the discount rates applied.

Due to the significance of the carrying values of goodwill and the judgement involved in performing the impairment tests, this matter was considered to be significant to our audit.

The accounting policies regarding goodwill applied by the Group are explained in the notes to the consolidated financial statements in section 9. Further details on goodwill and the annual impairment tests are disclosed in note 28 to the consolidated financial statements.

Our audit response

We tested, with the support of our valuation specialists, the appropriateness of the Group's valuation model and evaluated management's key assumptions, including growth rates used in the cash flow projections during the forecast period, the terminal growth rate assumption and the discount rate. Further, we assessed the historical accuracy of management's estimates and considered their ability to produce accurate long-term forecasts. Our work moreover included an evaluation of management's sensitivity analysis on changes to the key assumptions, in order to quantify the downside changes in assumptions that could result in an impairment.

Our audit procedures did not lead to any reservations concerning the valuation of goodwill and other intangible assets with indefinite useful lives.

Valuation of income tax positions

Area of focus

As of December 31, 2021, the Group has recorded deferred tax assets of CHF 90 million (net). Further, the Group operates across a wide range of tax jurisdictions around the world and is therefore occasionally challenged by local tax authorities, mainly regarding its cross-border transfer pricing arrangements.

The group records deferred tax assets for temporary differences and tax loss carry forwards to the extent that it is probable that future taxable profit will be available against which these deferred tax assets can be used. Where there is uncertainty over income tax treatments, the Group recognises the related tax assets or liabilities applying management's best estimate.

Due to the significant judgement involved in forecasting timing and level of future taxable profits and in accounting for uncertain tax treatments, this matter was considered to be significant to our audit.

The accounting policies regarding current and deferred income taxes applied by the Group are explained in the notes to the consolidated financial statements in section 17. Further details on current and deferred income tax positions are disclosed in note 24 to the consolidated financial statements.

Our audit response

We evaluated, with the support of our taxation specialists, the model used to recognise deferred tax assets and liabilities and the tax rates applied. We evaluated management's forecasts regarding timing and level of future taxable profits by comparing these future taxable profits to historical results and assessed any significant assumptions impacting these profits. Further, we assessed correspondence with relevant tax authorities, evaluated the historical accuracy of management's estimates and ensured the consistency between management's estimates regarding future taxable profits and other available prospective financial information, such as future cash flow estimates. Our audit procedures did not lead to any reservations concerning the valuation of income tax positions.

Recognition of net turnover and related balance sheet accounts

Area of focus

During the financial year 2021, the Group recognised net turnover in the amount of CHF 32,801 million. As of December 31, 2021, the Group has recognised CHF 693 million of contract assets and CHF 223 million of contract liabilities.

The Group generates its revenues from four principal services (Sea Logistics, Air Logistics, Road Logistics and Contract Logistics), and from ancillary services (such as customs clearance or documentation services) which are incidental to a principal service and are together with a principal service considered to represent one single performance obligation. Turnover is recognised based upon the terms in the contract of carriage and to the extent a service is completed. Accruing for net turnover, including recognising contract assets for unbilled services rendered and contract liabilities for payments received for services not yet rendered, depend on IT systems and controls.

Due to the significance of net turnover, this matter was considered to be significant to our audit.

The accounting policies regarding revenue recognition are explained in the notes to the consolidated financial statements in section 15. Further details on net turnover are disclosed in note 19 to the consolidated financial statements.

Our audit response

Our audit procedures included assessing the accounting policies for revenue recognition applied by management and comparing these to IFRS 15. We tested the Group's internal control system with regards to revenue recognition, including related IT controls. Further, our audit procedures included analytics to identify any unusual or non-standard transactions and, on a sample basis, agreeing amounts recorded to underlying evidence, i.e. customer contracts.

Our audit procedures did not lead to any reservations concerning the recognition of net turnover and the accounting for contract assets and liabilities.



Other information in the annual report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, remuneration report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report 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 in the annual report 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.



Responsibility of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS 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, ISAs and Swiss Auditing Standards 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 at the website of EXPERTsuisse: <http://www.expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.



Report on other legal and regulatory requirements

In accordance with article 728a para. 1 item 3 CO and the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

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

Ernst & Young Ltd

Christian Schibler
Licensed audit expert
(Auditor in charge)

Andreas Traxler
Licensed audit expert

Zurich, March 1, 2022

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