

Quarterly Report 2023

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

January – June 2023

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Schindellegi, July 24, 2023

Income statement

CHF million	January – June			April – June		
	2023	2022	Variance in per cent	2023	2022	Variance in per cent
Net turnover	12,721	20,631	-38.3	5,973	10,473	-43.0
Net expenses for services from third parties	-8,072	-14,733		-3,718	-7,517	
Gross profit	4,649	5,898	-21.2	2,255	2,956	-23.7
Personnel expenses	-2,447	-2,587		-1,211	-1,299	
Selling, general and administrative expenses	-699	-724		-331	-373	
Other operating income/expenses, net	15	-7		2	-10	
EBITDA	1,518	2,580	-41.2	715	1,274	-43.9
Depreciation of property, plant and equipment	-87	-96		-44	-53	
Depreciation of right-of-use assets	-269	-254		-135	-130	
Amortisation of other intangibles	-27	-35		-13	-16	
EBIT	1,135	2,195	-48.3	523	1,075	-51.3
Financial income	51	27		31	16	
Financial expenses	-11	-11		-6	-7	
Result from joint ventures and associates	2	3		1	2	
Earnings before tax (EBT)	1,177	2,214	-46.8	549	1,086	-49.4
Income tax	-317	-586		-151	-290	
Earnings	860	1,628	-47.2	398	796	-50.0
Attributable to:						
Equity holders of the parent company	856	1,537	-44.3	400	754	-46.9
Non-controlling interests	4	91		-2	42	
Earnings	860	1,628	-47.2	398	796	-50.0
Basic earnings per share in CHF	7.21	12.90	-44.1	3.37	6.33	-46.8
Diluted earnings per share in CHF	7.19	12.83	-44.0	3.36	6.29	-46.6

Statement of comprehensive income

CHF million	January – June		April – June	
	2023	2022	2023	2022
Earnings	860	1,628	398	796
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Foreign exchange differences	-248	29	-204	-35
Items that will not be reclassified to profit or loss:				
Actuarial gains/(losses) on defined benefit plans	-5	160	-	93
Income tax on actuarial gains/(losses) on defined benefit plans	1	-40	-	-23
Total other comprehensive income, net of tax	-252	149	-204	35
Total comprehensive income	608	1,777	194	831
Attributable to:				
Equity holders of the parent company	640	1,682	229	795
Non-controlling interests	-32	95	-35	36

Balance sheet

CHF million	June 30, 2023	Dec. 31, 2022	June 30, 2022
Assets			
Property, plant and equipment	741	739	736
Right-of-use assets	1,482	1,418	1,450
Goodwill	2,096	2,199	2,302
Other intangibles	146	180	218
Investments in joint ventures and associates	37	37	35
Deferred tax assets	208	220	201
Non-current assets	4,710	4,793	4,942
Prepayments	205	112	193
Contract assets	339	540	748
Trade receivables	3,970	5,291	6,563
Other receivables	190	215	156
Income tax receivables	75	22	40
Cash and cash equivalents	2,030	3,778	2,193
Current assets	6,809	9,958	9,893
Total assets	11,519	14,751	14,835

CHF million	June 30, 2023	Dec. 31, 2022	June 30, 2022
Liabilities and equity			
Share capital	121	121	121
Reserves and retained earnings	1,688	1,375	1,252
Earnings	856	2,644	1,537
Equity attributable to the equity holders of the parent company	2,665	4,140	2,910
Non-controlling interests	7	7	8
Equity	2,672	4,147	2,918
Provisions for pension plans and severance payments	255	252	214
Deferred tax liabilities	83	98	155
Borrowings	200	200	200
Non-current provisions	61	59	55
Other non-current liabilities	854	1,159	1,125
Non-current lease liabilities	1,076	1,026	1,073
Non-current liabilities	2,529	2,794	2,822
Bank and other interest-bearing liabilities	9	8	210
Trade payables	2,090	2,731	2,882
Contract liabilities	243	280	278
Accrued trade expenses	1,397	1,976	2,461
Income tax liabilities	337	493	544
Current provisions	100	118	110
Other current liabilities	1,654	1,738	2,158
Current lease liabilities	488	466	452
Current liabilities	6,318	7,810	9,095
Total liabilities and equity	11,519	14,751	14,835

Schindellegi, July 24, 2023

Kuehne + Nagel International AG

Stefan Paul
CEOMarkus Blanka-Graff
CFO

Statement of changes in equity

CHF million	Share capital	Share premium	Treasury shares
Balance as of January 1, 2023	121	606	-270
Earnings	-	-	-
Other comprehensive income			
Foreign exchange differences	-	-	-
Actuarial gains/(losses) on defined benefit plans, net of tax	-	-	-
Total other comprehensive income, net of tax	-	-	-
Total comprehensive income	-	-	-
Purchase of treasury shares ¹	-	-	-517
Dividend paid ²	-	-	-
Expenses for share-based compensation plans	-	-	-
Transaction with non-controlling interests ³	-	-	-
Balance as of June 30, 2023	121	606	-787

¹ Refer to note 12 for further details.

² 2023 Kuehne+Nagel dividend: The Group paid CHF 14.00 dividends per share.

³ The movement in retained earnings relates to written put options on non-controlling interests in connection with the Apex acquisition, see note 40 of the consolidated financial statements for the year ended December 31, 2022.

CHF million	Share capital	Share premium	Treasury shares
Balance as of January 1, 2022	121	651	-93
Earnings	-	-	-
Other comprehensive income			
Foreign exchange differences	-	-	-
Actuarial gains/(losses) on defined benefit plans, net of tax	-	-	-
Total other comprehensive income, net of tax	-	-	-
Total comprehensive income	-	-	-
Purchase of treasury shares ¹	-	-	-555
Dividend paid ²	-	-	-
Expenses for share-based compensation plans	-	-	-
Transaction with non-controlling interests ³	-	-	-
Balance as of June 30, 2022	121	651	-648

¹ Refer to note 12 for further details.

² 2022 Kuehne+Nagel dividend: The Group paid CHF 10.00 dividends per share.

³ The movement in retained earnings relates to written put options on non-controlling interests in connection with the Apex acquisition, see note 40 of the consolidated financial statements for the year ended December 31, 2022.

Cumulative translation adjustment	Actuarial gains/ (losses)	Retained earnings	Total equity attributable to the equity holders of parent company	Non-controlling interests	Total equity
-1,406	-65	5,154	4,140	7	4,147
-	-	856	856	4	860
-212	-	-	-212	-36	-248
-	-4	-	-4	-	-4
-212	-4	-	-216	-36	-252
-212	-4	856	640	-32	608
-	-	-	-517	-	-517
-	-	-1,661	-1,661	-2	-1,663
-	-	13	13	-	13
-37	-	87	50	34	84
-1,655	-69	4,449	2,665	7	2,672

Cumulative translation adjustment	Actuarial gains/ (losses)	Retained earnings	Total equity attributable to the equity holders of parent company	Non-controlling interests	Total equity
-1,214	-144	3,883	3,204	7	3,211
-	-	1,537	1,537	91	1,628
25	-	-	25	4	29
-	120	-	120	-	120
25	120	-	145	4	149
25	120	1,537	1,682	95	1,777
-	-	-	-555	-	-555
-	-	-1,186	-1,186	-61	-1,247
-	-	12	12	-	12
3	-	-250	-247	-33	-280
-1,186	-24	3,996	2,910	8	2,918

Cash flow statement

CHF million	Note	January - June			April - June		
		2023	2022	Variance	2023	2022	Variance
Cash flow from operating activities							
Earnings		860	1,628		398	796	
Adjustments to reconcile earnings to net cash flows:							
Income tax		317	586		151	290	
Financial income		-51	-27		-31	-16	
Financial expenses		11	11		6	7	
Result from joint ventures and associates		-2	-3		-1	-2	
Depreciation of property, plant and equipment		87	96		44	53	
Depreciation of right-of-use assets		269	254		135	130	
Amortisation of other intangibles		27	35		13	16	
Expenses for share-based compensation plans		13	12		7	6	
(Gain)/loss on disposal of property, plant and equipment, net		-12	-1		-2	1	
Net addition to provisions for pension plans and severance payments		2	3		2	1	
Subtotal operational cash flow		1,521	2,594	-1,073	722	1,282	-560
(Increase)/decrease contract assets		188	-56		34	9	
(Increase)/decrease trade and other receivables, prepayments		1,076	-71		314	-165	
Increase/(decrease) provisions		-14	28		-11	19	
Increase/(decrease) other liabilities		-280	-18		-194	-51	
Increase/(decrease) trade payables, contract liabilities and accrued trade expenses		-1,146	63		-308	93	
Income taxes paid		-518	-499		-305	-336	
Total cash flow from operating activities		827	2,041	-1,214	252	851	-599

CHF million	Note	January - June			April - June		
		2023	2022	Variance	2023	2022	Variance
Cash flow from investing activities							
Capital expenditure							
- Property, plant and equipment		-139	-85		-66	-44	
- Other intangibles		-2	-5		-1	-1	
Disposal of property, plant and equipment		53	17		14	-	
Settlement of deferred/contingent considerations from business combinations		-	-15		-	-15	
Capital (contributions to)/distributions from joint ventures and associates		-2	-3		-2	-3	
Dividend received from joint ventures and associates		2	1		1	-	
Interest received		27	2		18	1	
Total cash flow from investing activities		-61	-88	27	-36	-62	26
Cash flow from financing activities							
Repayment of lease liabilities		-270	-257		-134	-132	
Interest paid on borrowings and other interest-bearing liabilities		-2	-6		-1	-3	
Interest paid on lease liabilities		-9	-5		-5	-3	
Purchase of treasury shares	12	-517	-555		-311	-292	
Dividend paid to equity holders of parent company		-1,661	-1,186		-1,661	-1,186	
Dividend paid to non-controlling interests		-2	-61		-1	-61	
Total cash flow from financing activities		-2,461	-2,070	-391	-2,113	-1,677	-436
Foreign exchange difference on cash and cash equivalents		-54	-	-54	-42	-11	-31
Increase/(decrease) in cash and cash equivalents		-1,749	-117	-1,632	-1,939	-899	-1,040
Cash and cash equivalents at the beginning of the period, net		3,770	2,300	1,470	3,960	3,082	878
Cash and cash equivalents at the end of the period, net		2,021	2,183	-162	2,021	2,183	-162

Notes to the condensed consolidated interim financial statements

1. Organisation

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

The condensed consolidated interim financial statements of the Company for the six months ended June 30, 2023, comprise the Company, its subsidiaries (the Group) and its interests in joint ventures and associates.

The Group voluntarily presents a balance sheet as of June 30, 2022.

2. Statement of compliance

The unaudited condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended December 31, 2022.

3. Basis of preparation

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

The preparation of the condensed consolidated interim financial statements in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting, as issued by the International Accounting Standards Board (IASB), requires the management to make judgements, estimates and assumptions that affect the

application of policies and reported amounts of assets and liabilities, income and expenses. The actual result may differ from these estimates. Judgements made by the management in the application of International Financial Reporting Standards that have a significant effect on the condensed consolidated interim financial statements and estimates with a significant risk of material adjustment in the next period were the same as those applied to the consolidated financial statements for the year ended December 31, 2022.

4. Accounting policies

The accounting policies applied in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended December 31, 2022.

The Group has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

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

5. Foreign exchange rates

Conversion rates of major foreign currencies are applied as follows:

Income statement and cash flow statement

(average rates for the period)

Currency	Jan. - June 2023 CHF	Jan. - June 2022 CHF	Variance in per cent
EUR 1.-	0.9864	1.0296	-4.2
USD 1.-	0.9140	0.9379	-2.5

Balance sheet

(period end rates)

Currency	June 2023	June 2022 CHF	Variance in per cent	Dec. 2022 CHF
EUR 1.-	0.9787	1.0123	-3.3	0.9898
USD 1.-	0.8943	0.9571	-6.6	0.9298

6. Seasonality

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

7. Changes in the scope of consolidation

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

8. Acquisitions

The Group did not acquire any businesses in the first six months of 2023 and 2022.

Agreed upon future transactions

On June 5, 2023, the Kuehne+Nagel Group entered into a binding agreement to acquire 51 per cent of the shares of Morgan Cargo, a leading South African, UK and Kenyan freight forwarder. The Johannesburg-based company is a freight forwarder specialised in the transport and handling of perishable goods. During 2022 the company handled more than 40,000 tonnes of air freight and more than 20,000 TEU of sea freight globally, managed by approximately 450 logistics experts. The transaction is subject of customary closing conditions, including clearance by the competent merger control authorities and is expected to close in the second half of 2023.

On June 26, 2023, Apex management exercised the put options to sell 3.9 per cent of the remaining 7.7 per cent of their retained shares to the Group. The options will be settled in the third quarter for an expected amount of CHF 323 million paid in the Company's treasury shares (for further details refer to note 40 of the consolidated financial statements for the year ended December 31, 2022). Upon closing of the transaction, the Group will therefore increase its ownership interest by 3.9 per cent and will have present access to 71.2 per cent of the shares of Apex.

9. Divestments

The Group did not divest any businesses in the first six months of 2023 and 2022.

10. Segment reporting

a) Reportable segments

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

The four reportable segments, **Sea Logistics**, **Air Logistics**, **Road Logistics** and **Contract Logistics**, reflect the internal management and reporting structure to the Management Board (the chief operating decision maker, CODM) and are managed through

specific organisational structures. The CODM reviews internal management reports on a monthly basis. Each segment is a distinguishable business unit and is engaged in providing and selling discrete products and services.

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

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

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

b) Geographical information

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

c) Major customers

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

a) Reportable segments

January – June

CHF million	Total Group		Sea Logistics		Air Logistics	
	2023	2022	2023	2022	2023	2022
Turnover (external customers)	14,227	22,469	5,573	10,820	3,792	6,651
Customs duties and taxes	-1,506	-1,838	-714	-951	-276	-327
Net turnover (external customers)	12,721	20,631	4,859	9,869	3,516	6,324
Inter-segment turnover	-	-	1,558	2,846	2,491	5,165
Net expenses for services	-8,072	-14,733	-5,108	-10,773	-5,070	-9,876
Gross profit	4,649	5,898	1,309	1,942	937	1,613
Total expenses	-3,131	-3,318	-656	-712	-609	-747
EBITDA	1,518	2,580	653	1,230	328	866
Depreciation of property, plant and equipment	-87	-96	-11	-17	-12	-14
Depreciation of right-of-use assets	-269	-254	-2	-2	-2	-2
Amortisation of other intangibles	-27	-35	-1	-3	-21	-24
EBIT (segment profit)	1,135	2,195	639	1,208	293	826
Financial income	51	27				
Financial expenses	-11	-11				
Result from joint ventures and associates	2	3				
Earnings before tax (EBT)	1,177	2,214				
Income tax	-317	-586				
Earnings	860	1,628				
Attributable to:						
Equity holders of the parent company	856	1,537				
Non-controlling interests	4	91				
Earnings	860	1,628				
Additional information not regularly reported to CODM						
Allocation of goodwill	2,096	2,302	126	144	1,289	1,441
Allocation of other intangibles	146	218	-	-	131	192
Capital expenditure property, plant and equipment	139	85	20	9	24	12
Capital expenditure right-of-use assets	359	334	16	29	15	15
Capital expenditure other intangibles	2	5	1	3	-	1

b) Geographical information

January – June

CHF million	Total Group		EMEA		Americas	
	2023	2022	2023	2022	2023	2022
Turnover (external customers)	14,227	22,469	8,036	11,624	4,367	7,697
Customs duties and taxes	-1,506	-1,838	-1,072	-1,346	-337	-392
Net turnover (external customers)	12,721	20,631	6,964	10,278	4,030	7,305
Inter-regional turnover	-	-	2,515	3,726	880	1,294
Net expenses for services	-8,072	-14,733	-6,704	-10,987	-3,678	-7,022
Gross profit	4,649	5,898	2,775	3,017	1,232	1,577
Total expenses	-3,131	-3,318	-1,974	-2,007	-814	-850
EBITDA	1,518	2,580	801	1,010	418	727
Depreciation of property, plant and equipment	-87	-96	-61	-66	-15	-17
Depreciation of right-of-use assets	-269	-254	-182	-170	-61	-56
Amortisation of other intangibles	-27	-35	-5	-7	-9	-13
EBIT	1,135	2,195	553	767	333	641
Financial income	51	27				
Financial expenses	-11	-11				
Result from joint ventures and associates	2	3				
Earnings before tax (EBT)	1,177	2,214				
Income tax	-317	-586				
Earnings	860	1,628				
Attributable to:						
Equity holders of the parent company	856	1,537				
Non-controlling interests	4	91				
Earnings	860	1,628				
Additional information not regularly reported to CODM						
Capital expenditure property, plant and equipment	139	85	85	57	41	17
Capital expenditure right-of-use assets	359	334	242	232	85	70
Capital expenditure other intangibles	2	5	2	3	-	2

	Asia-Pacific		Eliminations	
	2023	2022	2023	2022
	1,824	3,148	-	-
	-97	-100	-	-
	1,727	3,048	-	-
	1,467	3,875	-4,862	-8,895
	-2,552	-5,619	4,862	8,895
	642	1,304	-	-
	-343	-461	-	-
	299	843	-	-
	-11	-13	-	-
	-26	-28	-	-
	-13	-15	-	-
	249	787	-	-
	13	11	-	-
	32	32	-	-
	-	-	-	-

11. Fair value of financial assets and liabilities

As of June 30, 2023

CHF million	Financial assets at FVPL	Financial assets at amortised cost	Total carrying amount	Total fair value
Trade receivables	–	3,970	3,970	3,970
Other receivables	14	176	190	190
Total	14	4,146	4,160	4,160

CHF million	Financial liabilities at FVPL	Financial liabilities at amortised cost	Total carrying amount	Total fair value
Bank and other interest-bearing liabilities	–	9	9	9
Borrowings	–	200	200	193
Trade payables	–	2,090	2,090	2,090
Accrued trade expenses	–	1,397	1,397	1,397
Contingent consideration liabilities	159	–	159	159
Put option to non-controlling interest	–	1,309	1,309	1,309
Other liabilities	5	274	279	279
Total	164	5,279	5,443	5,436

As of December 31, 2022

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

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

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

Level 3 financial liabilities include contingent consideration liabilities of CHF 159 million (CHF 166 million as of December 31, 2022).

Further, the put option to non-controlling interest represents the short and long-term portion of the redemption liability recognised

in connection with the acquisition and divestment of Apex (refer to note 40 of the consolidated financial statements for the year ended December 31, 2022, for further details). At the balance sheet date, the carrying amount of the put option liability amounted to CHF 1,309 million (CHF 1,393 million as of December 31, 2022) and is recognised in the balance sheet items "Other current liabilities" and "Other non-current liabilities".

Level 3 fair values

CHF million	Contingent consideration liabilities
Balance as of January 1, 2023	166
Total unrealised (gains)/losses included in the income statement	
- Foreign exchange revaluation - recorded within financial expenses	-7
Total (gains)/losses included in other comprehensive income	
Balance as of June 30, 2023	159
of which	
- Current portion	159
- Non-current portion	-

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

12. Equity

In the six month of 2023, the Company purchased 2,076,075 own shares for CHF 517 million (2022: 2,100,000 own shares for CHF 555 million).

13. Employees

Number	June 30, 2023	June 30, 2022
EMEA	49,257	49,615
Americas	18,956	18,099
Asia-Pacific	11,483	11,368
Total employees	79,696	79,082
Full-time equivalents of employees	74,553	74,126
Full-time equivalents of temporary staff	18,672	17,744
Full-time equivalents (total)	93,225	91,870

14. Capital expenditure

From January to June 2023, the capital expenditure on property, plant and equipment (excluding other intangible assets and property, plant and equipment from acquisitions) was CHF 139 million (2022: CHF 85 million) and the non-cash capital expenditure on right-of-use assets (excluding right-of-use assets from acquisitions) was CHF 359 million (2022: CHF 334 million).

15. Legal claims

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

16. Post balance sheet events

There have been no material events between June 30, 2023, and the date of authorisation that would require adjustments of the condensed consolidated interim financial statements or disclosure.

These unaudited condensed consolidated interim financial statements of Kuehne + Nagel International AG were authorised for issue by the Audit Committee of the Group on July 24, 2023.

Financial calendar

October 25, 2023	Nine-months 2023 results
March 1, 2024	Full-year 2023 results
April 23, 2024	Three-months 2024 results
May 8, 2024	Annual general meeting
July 23, 2024	Half-year 2024 results
October 23, 2024	Nine-months 2024 results

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