

Consolidated Financial Statements 2023

Consolidated financial statements 2023 of the Kuehne+Nagel Group

Income statement

CHF million	Note	2023	2022	Variance per cent
Net turnover	7	23,849	39,398	-39.5
Net expenses for services from third parties		-15,062	-28,289	
Gross profit	7	8,787	11,109	-20.9
Personnel expenses	8	-4,866	-5,144	
Selling, general and administrative expenses	9	-1,294	-1,454	
Other operating income/expenses, net	10	51	21	
EBITDA		2,678	4,532	-40.9
Depreciation of property, plant and equipment	14	-177	-192	
Depreciation of right-of-use assets	15	-544	-511	
Amortisation of other intangibles	16	-54	-66	
EBIT		1,903	3,763	-49.4
Financial income	11	73	59	
Financial expenses	11	-25	-20	
Result from joint ventures and associates		5	6	
Earnings before tax (EBT)		1,956	3,808	-48.6
Income tax	12	-492	-998	
Earnings		1,464	2,810	-47.9
Attributable to:				
Equity holders of the parent company		1,431	2,644	-45.9
Non-controlling interests		33	166	
Earnings		1,464	2,810	-47.9
Basic earnings per share in CHF	13	12.06	22.15	-45.6
Diluted earnings per share in CHF	13	12.02	22.03	-45.4

Statement of comprehensive income

CHF million	Note	2023	2022
Earnings		1,464	2,810
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange differences		-406	-193
Items that will not be reclassified to profit or loss:			
Actuarial gains/(losses) on defined benefit plans	21/12	-37	111
Income tax on actuarial gains/(losses) on defined benefit plans	12	1	-32
Total other comprehensive income, net of tax		-442	-114
Total comprehensive income		1,022	2,696
Attributable to:			
Equity holders of the parent company		1,052	2,562
Non-controlling interests		-30	134

Balance sheet

CHF million	Note	Dec. 31, 2023	Dec. 31, 2022
Assets			
Property, plant and equipment	14	762	739
Right-of-use assets	15	1,534	1,418
Goodwill	16	2,034	2,199
Other intangibles	16	121	180
Investments in joint ventures and associates		28	37
Deferred tax assets	12	175	220
Non-current assets		4,654	4,793
Prepayments		130	112
Contract assets	17	267	540
Trade receivables	17	3,634	5,291
Other receivables	18	161	215
Income tax receivables		114	22
Cash and cash equivalents	19	2,011	3,778
Current assets		6,317	9,958
Total assets		10,971	14,751

CHF million	Note	Dec. 31, 2023	Dec. 31, 2022
Liabilities and equity			
Share capital	20	121	121
Reserves and retained earnings		1,601	1,375
Earnings		1,431	2,644
Equity attributable to the equity holders of the parent company		3,153	4,140
Non-controlling interests		6	7
Equity		3,159	4,147
Provisions for pension plans and severance payments	21	270	252
Deferred tax liabilities	12	88	98
Borrowings	23	200	200
Non-current provisions	24	54	59
Other non-current liabilities	26	830	1,159
Non-current lease liabilities	15	1,128	1,026
Non-current liabilities		2,570	2,794
Bank and other interest-bearing liabilities	23	3	8
Trade payables	25	2,012	2,731
Contract liabilities	25	154	280
Accrued trade expenses	25	1,072	1,976
Income tax liabilities		244	493
Current provisions	24	108	118
Other current liabilities	27	1,162	1,738
Current lease liabilities	15	487	466
Current liabilities		5,242	7,810
Total liabilities and equity		10,971	14,751

Schindellegi, February 29, 2024

Kuehne + Nagel International AG

Stefan Paul
CEOMarkus Blanka-Graff
CFO

Statement of changes in equity

CHF million	Note	Share capital	Share premium	
Balance as of January 1, 2023		121	606	
Earnings		-	-	
Other comprehensive income				
Foreign exchange differences		-	-	
Actuarial gains/(losses) on defined benefit plans, net of tax		-	-	
Total other comprehensive income, net of tax		-	-	
Total comprehensive income		-	-	
Purchase of treasury shares	20	-	-	
Disposal of treasury shares	20	-	-14	
Dividend paid	20	-	-	
Expenses for share-based compensation plans	22	-	-	
Acquisition of subsidiaries	28	-	-	
Transaction with non-controlling interests	28	-	-	
Balance as of December 31, 2023		121	592	

CHF million	Note	Share capital	Share premium	
Balance as of January 1, 2022		121	651	
Earnings		-	-	
Other comprehensive income				
Foreign exchange differences		-	-	
Actuarial gains/(losses) on defined benefit plans, net of tax		-	-	
Total other comprehensive income, net of tax		-	-	
Total comprehensive income		-	-	
Purchase of treasury shares	20	-	-	
Disposal of treasury shares	20	-	-45	
Dividend paid	20	-	-	
Expenses for share-based compensation plans	22	-	-	
Transaction with non-controlling interests	28	-	-	
Balance as of December 31, 2022		121	606	

Treasury shares	Cumulative translation adjustment	Actuarial gains/ (losses)	Retained earnings	Total equity attributable to the equity holders of parent company	Non-controlling interests	Total equity
-270	-1,406	-65	5,154	4,140	7	4,147
-	-	-	1,431	1,431	33	1,464
-	-343	-	-	-343	-63	-406
-	-	-36	-	-36	-	-36
-	-343	-36	-	-379	-63	-442
-	-343	-36	1,431	1,052	-30	1,022
-716	-	-	-	-716	-	-716
384	-	-	-	370	-	370
-	-	-	-1,661	-1,661	-172	-1,833
-	-	-	23	23	-	23
-	-	-	-	-	11	11
-	-62	-	7	-55	190	135
-602	-1,811	-101	4,954	3,153	6	3,159

Treasury shares	Cumulative translation adjustment	Actuarial gains/ (losses)	Retained earnings	Total equity attributable to the equity holders of parent company	Non-controlling interests	Total equity
-93	-1,214	-144	3,883	3,204	7	3,211
-	-	-	2,644	2,644	166	2,810
-	-161	-	-	-161	-32	-193
-	-	79	-	79	-	79
-	-161	79	-	-82	-32	-114
-	-161	79	2,644	2,562	134	2,696
-646	-	-	-	-646	-	-646
469	-	-	-	424	-	424
-	-	-	-1,186	-1,186	-75	-1,261
-	-	-	21	21	-	21
-	-31	-	-208	-239	-59	-298
-270	-1,406	-65	5,154	4,140	7	4,147

Cash flow statement

CHF million	Note	2023	2022
Cash flow from operating activities			
Earnings		1,464	2,810
Adjustments to reconcile earnings to net cash flows:			
Income tax	12	492	998
Financial income	11	-73	-59
Financial expenses	11	25	20
Result from joint ventures and associates		-5	-6
Depreciation of property, plant and equipment	14	177	192
Depreciation of right-of-use assets	15	544	511
Amortisation of other intangibles	16	54	66
Expenses for share-based compensation plans	22	23	21
(Gain)/loss on disposal of property, plant and equipment, net	10	-15	-30
Net addition to provisions for pension plans and severance payments	21	-4	-
Subtotal operational cash flow		2,682	4,523
(Increase)/decrease contract assets		241	121
(Increase)/decrease trade and other receivables, prepayments		1,266	1,040
Increase/(decrease) provisions		-6	48
Increase/(decrease) other liabilities		-230	64
Increase/(decrease) trade payables, contract liabilities and accrued trade expenses		-1,463	-381
Income taxes paid		-791	-1,011
Total cash flow from operating activities		1,699	4,404

CHF million	Note	2023	2022
Cash flow from investing activities			
Capital expenditure			
– Property, plant and equipment	14	-306	-239
– Other intangibles	16	-4	-8
Disposal of property, plant and equipment		77	91
(Acquisition)/divestment of businesses, net of cash (acquired)/disposed	28	-29	-12
Settlement of deferred/contingent considerations from business combinations		-31	-70
Capital (contributions to)/distributions from joint ventures and associates		-2	-7
Dividend received from joint ventures and associates		4	3
Interest received		48	19
Total cash flow from investing activities		-243	-223
Cash flow from financing activities			
Repayment of other interest-bearing liabilities		-	-200
Repayment of lease liabilities	15	-543	-518
Interest paid on borrowings and other interest-bearing liabilities		-4	-8
Interest paid on lease liabilities	15	-20	-11
Purchase of treasury shares	20	-716	-646
Dividend paid to equity holders of parent company	20	-1,661	-1,186
Dividend paid to non-controlling interests	20	-172	-75
Acquisition of non-controlling interests		-7	-
Total cash flow from financing activities		-3,123	-2,644
Foreign exchange difference on cash and cash equivalents		-95	-67
Increase/(decrease) in cash and cash equivalents		-1,762	1,470
Cash and cash equivalents at the beginning of the year, net	19	3,770	2,300
Cash and cash equivalents at the end of the year, net	19	2,008	3,770

Notes to the consolidated 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 consolidated financial statements of the Company for the year ended December 31, 2023, 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 IFRS Accounting Standards.

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, 2023. Those financial statements have been prepared in accordance with uniform accounting policies issued by the Group, which comply with the requirements of IFRS Accounting Standards 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 Accounting Standards 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 Accounting Standards 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 35.

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, 2022, except for the adoption of new standards, interpretations and amendments effective as of January 1, 2023. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Effective January 1, 2023, the Group adopted the amended IAS 1 by following the outlined 'four-step materiality process' to exercise materiality judgments in accounting policy disclosures. The materiality of the accounting policies in the Group's business circumstances has been reassessed and the disclosure of accounting policies have been revised with the focus on the material accounting policies to ensure the consolidated financial statements reflect the Group materiality considerations.

Adoption of new and revised standards and interpretations in 2024 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
Lease Liability in a Sale and Leaseback - Amendments to IFRS 16 ¹	January 1, 2024	Reporting year 2024
Amendments to the classification of liabilities as current or non-current - Amendments to IAS 1 ¹	January 1, 2024	Reporting year 2024
Disclosure: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7 ¹	January 1, 2024	Reporting year 2024
Lack of exchangeability - Amendments to IAS 21 ¹	January 1, 2025	Reporting year 2025

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

Transactions eliminated on consolidation

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

4 Scope of consolidation

The Group's significant consolidated subsidiaries and joint ventures are listed on pages 103 to 114.

Changes in the scope of consolidation in 2023 relate to the following companies (for further information on the financial impact of the acquisitions and divestments refer to note 28):

2023

	Capital share in per cent equals voting rights	Effective date
Acquisitions		
Apex Logistics Solutions International Pte. Ltd. Group (Apex)	3.9	August 17, 2023
Morgan Cargo Ltd. Group (Morgan Cargo)	51	November 14, 2023

Changes in the scope of consolidation for the year 2022 are related to the following companies (for further information on the financial impact of the acquisitions and divestments refer to note 28):

2022

	Capital share in per cent equals voting rights	Effective date
Acquisitions		
Apex Logistics Solutions International Pte. Ltd. Group (Apex)	3.9	August 12, 2022
Divestments		
OOO Nacora, Russia	100	July 20, 2022
OOO Kuehne + Nagel, Russia	100	July 20, 2022
OOO Kuehne + Nagel Sakhalin, Russia	100	July 20, 2022
Kuehne + Nagel LLC, Azerbaijan	100	July 20, 2022
Kuehne + Nagel FPE, Belarus	100	July 20, 2022
Kuehne + Nagel LLC, Kazakhstan	100	July 20, 2022

5 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	2023 CHF	2022 CHF	Variance in per cent
EUR 1.-	0.9723	1.0051	-3.3
USD 1.-	0.8993	0.9500	-5.3

Balance sheet

(year-end rates)

Currency	Dec. 2023 CHF	Dec. 2022 CHF	Variance in per cent
EUR 1.-	0.9405	0.9898	-5.0
USD 1.-	0.8497	0.9298	-8.6

6 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.

7 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.

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

CHF million	Total Group		Sea Logistics		Air Logistics	
	2023	2022	2023	2022	2023	2022
Turnover (external customers)	26,649	43,034	9,934	20,608	7,465	12,358
Customs duties and taxes	-2,800	-3,636	-1,333	-1,855	-528	-643
Net turnover (external customers)	23,849	39,398	8,601	18,753	6,937	11,715
Inter-segment turnover	-	-	2,923	5,127	5,196	9,437
Net expenses for services	-15,062	-28,289	-9,204	-20,401	-10,359	-18,187
Gross profit	8,787	11,109	2,320	3,479	1,774	2,965
Total expenses	-6,109	-6,577	-1,278	-1,417	-1,150	-1,476
EBITDA	2,678	4,532	1,042	2,062	624	1,489
Depreciation of property, plant and equipment	-177	-192	-23	-34	-24	-30
Depreciation of right-of-use assets	-544	-511	-3	-3	-4	-3
Amortisation of other intangibles	-54	-66	-1	-4	-41	-47
EBIT (segment profit)	1,903	3,763	1,015	2,021	555	1,409
Financial income	73	59				
Financial expenses	-25	-20				
Result from joint ventures and associates	5	6				
Earnings before tax (EBT)	1,956	3,808				
Income tax	-492	-998				
Earnings	1,464	2,810				
Attributable to:						
Equity holders of the parent company	1,431	2,644				
Non-controlling interests	33	166				
Earnings	1,464	2,810				
Additional information not regularly reported to the CODM						
Reportable non-current segment assets	4,654	4,793	432	413	1,635	1,781
Segment assets	10,971	14,751	1,898	3,224	2,920	3,451
Segment liabilities	7,812	10,604	2,047	3,187	2,228	3,293
Allocation of goodwill	2,034	2,199	129	136	1,252	1,368
Allocation of other intangibles	121	180	2	-	109	160
Capital expenditure property, plant and equipment	306	239	28	25	36	29
Capital expenditure right-of-use assets	738	606	41	55	29	30
Capital expenditure other intangibles	4	8	1	4	1	1
Property, plant and equipment, goodwill and intangibles through business combinations	37	-	9	-	25	-
Non-cash expenses	100	121	32	36	13	14

b) Geographical information

CHF million	Total Group		EMEA		Americas	
	2023	2022	2023	2022	2023	2022
Turnover (external customers)	26,649	43,034	14,822	22,347	8,095	14,975
Customs duties and taxes	-2,800	-3,636	-1,958	-2,656	-662	-777
Net turnover (external customers)	23,849	39,398	12,864	19,691	7,433	14,198
Inter-regional turnover	-	-	4,726	6,991	1,601	2,411
Net expenses for services	-15,062	-28,289	-12,333	-20,929	-6,741	-13,479
Gross profit	8,787	11,109	5,257	5,753	2,293	3,130
Total expenses	-6,109	-6,577	-3,865	-3,943	-1,583	-1,771
EBITDA	2,678	4,532	1,392	1,810	710	1,359
Depreciation of property, plant and equipment	-177	-192	-125	-135	-32	-32
Depreciation of right-of-use assets	-544	-511	-369	-339	-123	-116
Amortisation of other intangibles	-54	-66	-12	-14	-16	-23
EBIT	1,903	3,763	886	1,322	539	1,188
Financial income	73	59				
Financial expenses	-25	-20				
Result from joint ventures and associates	5	6				
Earnings before tax (EBT)	1,956	3,808				
Income tax	-492	-998				
Earnings	1,464	2,810				
Attributable to:						
Equity holders of the parent company	1,431	2,644				
Non-controlling interests	33	166				
Earnings	1,464	2,810				
Additional information not regularly reported to the CODM						
Reportable non-current regional assets	4,654	4,793	2,076	2,001	1,264	1,273
Segment assets	10,971	14,751	4,309	5,210	2,545	3,375
Segment liabilities	7,812	10,604	4,978	6,477	1,392	2,004
Capital expenditure property, plant and equipment	306	239	179	177	103	35
Capital expenditure right-of-use assets	738	606	501	425	176	116
Capital expenditure other intangibles	4	8	4	6	-	2
Property, plant and equipment, goodwill and intangibles through business combinations	37	-	37	-	-	-
Non-cash expenses	100	121	77	94	12	15

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 parent company of the Group is registered.

CHF million	2023		2022	
	Reportable non-current assets ¹	Net turnover	Reportable non-current assets ¹	Net turnover
China ²	948	1,601	1,096	2,155
Germany ³	642	3,679	606	5,674
Switzerland ³	25	402	14	856
USA ⁴	1,064	4,946	1,084	10,197
Others	1,772	13,221	1,736	20,516
Total	4,451	23,849	4,536	39,398

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.

8 Personnel expenses

CHF million	2023	2022
Salaries and wages	3,837	4,155
Social expenses and benefits	903	855
Expenses for share-based compensation plans	23	21
Expenses for pension plans		
– defined benefit plans	16	15
– defined contribution plans	68	69
Others	19	29
Total	4,866	5,144

Number of employees	Dec. 31, 2023	Dec. 31, 2022
EMEA	50,065	49,740
Americas	19,671	18,828
Asia-Pacific	11,247	11,766
Total employees	80,983	80,334
Full-time equivalents of employees (unaudited)	75,304	75,194
Full-time equivalents of temporary staff (unaudited)	18,914	19,885
Total full-time equivalents (unaudited)	94,218	95,079

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".

9 Selling, general and administrative expenses

CHF million	2023	2022
Administration	327	343
Communication	54	56
Travel and promotion	109	94
Vehicles	191	198
Operating expenses	186	326
Facilities	427	437
Total	1,294	1,454

10 Other operating income/expenses, net

CHF million	2023	2022
Gain/(loss) on disposal of property, plant and equipment	6	6
Gain/(loss) on sale and leaseback of property, plant and equipment ¹	9	24
Other operating income (expenses) ²	36	-9
Total	51	21

1 In connection with its asset-light business model, in 2023 the Group has completed one sale and leaseback transaction of real estate facilities in Luxemburg. The agreed leaseback period is ten years.

2 Mainly represents the revaluation of the contingent consideration liability in connection with the acquisition of Apex. Refer to note 33 for additional details.

11 Financial income and expenses

CHF million	2023	2022
Interest income	48	19
Exchange differences, net	25	40
Financial income	73	59
Interest expenses on other interest-bearing liabilities	-5	-9
Interest expenses on lease liabilities	-20	-11
Financial expenses	-25	-20
Net financial result	48	39

12 Income tax

Income tax on earnings for the year comprises current and deferred tax. 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 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.

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

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions the Group operates. The Group is in scope of the enacted or substantively enacted legislation. The Group is still in the process of assessing the potential exposure to Pillar Two income taxes as at 31 December 2023.

CHF million	2023	2022
Current tax expense		
– in current year	513	1,043
– under/(over) provided in previous years	-33	26
	480	1,069
Deferred tax expense from		
– changes in temporary differences and tax losses	12	-71
Income tax	492	998

Deferred tax benefit of CHF 1 million (2022: expense of CHF 32 million) relating to actuarial losses of CHF 37 million before tax (2022: actuarial gains of CHF 111 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 rate are as follows:

CHF million	2023	per cent	2022	per cent
Earnings before tax according to the income statement	1,956		3,808	
Income tax/expected tax rate	466	23.8	906	23.8
Tax effect on				
– tax exempt (income)/non-deductible expenses	1	0.1	6	0.2
– utilisation of previously unrecognised tax losses	–	–	–1	–
– change of deferred tax due to tax rate adjustments	–2	–0.1	–1	–
– under/(over) provided in previous years	–33	–1.7	26	0.7
– unrecoverable withholding taxes	60	3.1	62	1.5
Income tax/effective tax rate	492	25.2	998	26.2

Deferred tax assets and liabilities

CHF million	Assets		Liabilities		Net deferred income tax balance	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
Property, plant and equipment and right-of-use assets	7	12	–338	–305	–331	–293
Goodwill and other intangibles ¹	25	33	–58	–71	–33	–38
Investments in subsidiaries	–	–	–26	–	–26	–
Trade receivables	22	44	–32	–55	–10	–11
Other receivables	2	2	–28	–58	–26	–56
Lease liabilities	370	335	–	–	370	335
Provisions for pension plans and severance payments	31	28	–	–	31	28
Other liabilities	109	154	–	–	109	154
Tax value of loss carry-forwards recognised	3	3	–	–	3	3
Total net deferred income tax balance	569	611	–482	–489	87	122
Thereof deferred income tax assets					175	220
Thereof deferred income tax liabilities					–88	–98

1 Of which CHF 2 million deferred tax liabilities were acquired in business combinations in 2023.

Deferred tax assets and liabilities related 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 related to tax losses carried forward are expected to be used by the end of the next three years.

Unrecognised deferred tax assets

CHF million	2023		2022	
	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	42	10	37	8

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	2023		2022	
Expiry				
2024	5	2023		6
2025	1	2024		4
2026	17	2025		2
2027 & later	11	2026 & later		17
No expiry	8	No expiry		8
Total unused tax losses	42			37

13 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	2023	2022
Earnings attributable to the equity holders of the parent company in CHF million	1,431	2,644
Weighted average number of ordinary shares outstanding during the year	118,624,421	119,394,642
Dilutive effect on number of shares outstanding:		
Share-based compensation plans and contingent considerations	413,602	636,076
Adjusted weighted number of ordinary shares applicable to diluted earnings per share	119,038,023	120,030,718
Basic earnings per share in CHF	12.06	22.15
Diluted earnings per share in CHF	12.02	22.03

14 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

Category	Years
Building installations	5
Office furniture	5
Office machines	4
IT hardware	3

2023

CHF million	Properties including buildings on third parties' land	Other operating and office equipment	Total
Cost			
Balance as of January 1, 2023	426	1,145	1,571
Additions through business combinations ¹	–	1	1
Additions	50	256	306
Disposals	–26	–140	–166
Transfers	–1	1	–
Effect of movements in foreign exchange	–37	–95	–132
Balance as of December 31, 2023	412	1,168	1,580
Accumulated depreciation and impairment losses			
Balance as of January 1, 2023	99	733	832
Depreciation charge for the year	11	166	177
Disposals	–10	–103	–113
Effect of movements in foreign exchange	–7	–71	–78
Balance as of December 31, 2023	93	725	818
Carrying amount			
As of January 1, 2023	327	412	739
As of December 31, 2023	319	443	762

¹ Refer to note 28 for further details.

2022

CHF million	Properties including buildings on third parties' land	Other operating and office equipment	Total
Cost			
Balance as of January 1, 2022	476	1,137	1,613
Additions	4	235	239
Disposals	-33	-173	-206
Transfers	-2	2	-
Effect of movements in foreign exchange	-19	-56	-75
Balance as of December 31, 2022	426	1,145	1,571
Accumulated depreciation and impairment losses			
Balance as of January 1, 2022	95	752	847
Depreciation charge for the year	14	178	192
Disposals	-5	-151	-156
Effect of movements in foreign exchange	-5	-46	-51
Balance as of December 31, 2022	99	733	832
Carrying amount			
As of January 1, 2022	381	385	766
As of December 31, 2022	327	412	739

15 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.

Right-of-use assets

2023

CHF million	Right-of-use assets properties, buildings	Right-of-use assets other operating and office equipment	Total
Balance as of January 1, 2023	1,214	204	1,418
Additions	589	149	738
Depreciation charge for the year	-440	-104	-544
Modifications and reassessments	16	-10	6
Effect of movements in foreign exchange	-74	-10	-84
Balance as of December 31, 2023	1,305	229	1,534

2022

CHF million	Right-of-use assets properties, buildings	Right-of-use assets other operating and office equipment	Total
Balance as of January 1, 2022	1,240	169	1,409
Additions	465	141	606
Depreciation charge for the year	-418	-93	-511
Modifications and reassessments	-21	-5	-26
Effect of movements in foreign exchange	-52	-8	-60
Balance as of December 31, 2022	1,214	204	1,418

Lease liabilities

CHF million	2023	2022
Balance as of January 1	1,492	1,484
Additions	741	618
Modifications and reassessments	16	-32
Repayment	-543	-518
Effect of movements in foreign exchange	-91	-60
Balance as of December 31	1,615	1,492
of which		
– Current lease liabilities	487	466
– Non-current lease liabilities	1,128	1,026
Total lease liabilities	1,615	1,492

For the maturity analysis of the lease liabilities, refer to the disclosure of the liquidity risk included in note 32 Risk management.

Amounts recognised in the income statement

CHF million	2023	2022
Depreciation of right-of-use assets	544	511
Interest expense on lease liabilities (included in financial expenses)	20	11
Expense relating to short-term and low value leases (included in selling, general and administrative expenses)	160	161
Profits on sale-and-leaseback transactions (included in other operating income/expense, net)	-9	-24
Total expense recognised in the income statement	715	659

The total cash outflow for leases (including short-term leases and low value assets) was CHF 723 million in 2023 (2022: CHF 690 million). The total cash inflow from sale and leaseback transactions was CHF 37 million in 2023 (2022: CHF 62 million).

16 Goodwill and other intangibles

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, 2023, and 2022, there are no intangibles with indefinite useful lives recognised in the Group's balance sheet.

2023

CHF million	Goodwill	Other intangibles ¹
Cost		
Balance as of January 1, 2023	2,211	898
Additions through business combinations ²	30	6
Additions	-	4
Deletions	-	-4
Effect of movements in foreign exchange	-195	-67
Balance as of December 31, 2023	2,046	837
Accumulated amortisation and impairment losses		
Balance as of January 1, 2023	12	718
Amortisation charge	-	54
Deletions	-	-4
Effect of movements in foreign exchange	-	-52
Balance as of December 31, 2023	12	716
Carrying amount:		
As of January 1, 2023	2,199	180
As of December 31, 2023	2,034	121

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

² Refer to note 28 for further details.

2022

CHF million	Goodwill	Other intangibles ¹
Cost		
Balance as of January 1, 2022	2,302	933
Additions	-	8
Deletions	-	-6
Effect of movements in foreign exchange	-91	-37
Balance as of December 31, 2022	2,211	898
Accumulated amortisation and impairment losses		
Balance as of January 1, 2022	12	686
Amortisation charge	-	66
Deletions	-	-6
Effect of movements in foreign exchange	-	-28
Balance as of December 31, 2022	12	718
Carrying amount:		
As of January 1, 2022	2,290	247
As of December 31, 2022	2,199	180

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

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.

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.

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.

Impairment testing of goodwill

Goodwill is tested for impairment every year. An impairment loss is recognised whenever the carrying amount of the cash-generating unit to which goodwill has been allocated exceeds its recoverable amount. For the purpose of the goodwill impairment testing, the cash-generating units are the global business units at the level 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 2023	129	1,252	305	348	2,034
Carrying amount of goodwill in CHF million 2022	136	1,369	322	372	2,199
Basis for recoverable amount	Value-in-use	Value-in-use	Value-in-use	Value-in-use	
Pre-tax discount rate in per cent 2023	11.6	11.5	11.5	11.7	
Pre-tax discount rate in per cent 2022	10.5	10.4	10.4	10.5	
Projection period	3 years	3 years	3 years	3 years	
Terminal growth rate in per cent 2023	1.5	1.5	1.5	1.5	
Terminal growth rate in per cent 2022	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 2023 and 2022, all recoverable amounts exceeded their carrying amounts and consequently no impairment of goodwill was recognised for the

years 2023 and 2022. Management considers that it is not likely for the assumptions used to change so significantly, as to eliminate the excess of recoverable amounts.

17 Trade receivables and contract assets

CHF million	2023	2022
Trade receivables	3,736	5,478
Impairment allowance	-102	-187
Total trade receivables	3,634	5,291

The majority of all billing is done in the respective Group companies' own functional currencies and is mainly in EUR, 35.7 per cent (2022: 35.1 per cent), and USD, 20.7 per cent (2022: 24.2 per cent).

Trade receivables outstanding at year-end averaged 53.3 days (2022: 51.0 days).

No trade receivables are pledged in 2023 and 2022.

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).

CHF million	2023	2022
Contract assets	270	549
Impairment allowance	-3	-9
Total contract assets	267	540

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 105 million (2022: CHF 196 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 66 million at year-end 2023 (2022: CHF 101 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 Group has established a collective impairment allowance of CHF 39 million, which represents 1.0 per cent of total outstanding trade receivables and contract assets as of December 31, 2023 (2022: CHF 95 million/1.6 per cent).

CHF million	2023			2022		
	Specific allowance	Collective allowance	Total allowance	Specific allowance	Collective allowance	Total allowance
Balance as of January 1	101	95	196	69	69	138
Additional impairment losses recognised	58	33	91	79	79	158
Reversal of impairment losses and write-offs	-93	-89	-182	-47	-53	-100
Balance as of December 31	66	39	105	101	95	196

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

CHF million	2023		2022	
	Trade receivables	Impairment allowance on trade receivables	Trade receivables	Impairment allowance on trade receivables
Default probability < 1 per cent	1,763	3	2,500	28
Default probability 1 to 3 per cent	1,798	28	2,763	50
Default probability 3 to 10 per cent	78	3	58	4
Default probability 10 to 30 per cent	28	7	54	14
Default probability > 30 per cent	69	61	103	91
Total	3,736	102	5,478	187

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

18 Other receivables

CHF million	Dec. 31, 2023	Dec. 31, 2022
Receivables from tax authorities	45	64
Deposits	55	55
Sundry	61	96
Total other receivables	161	215

19 Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents includes bank overdrafts that are repaya-

ble on demand as they form an integral part of the Group's cash management.

CHF million	Dec. 31, 2023	Dec. 31, 2022
Cash at banks	752	2,136
Short-term deposits	1,259	1,642
Cash and cash equivalents	2,011	3,778
Bank overdraft	-3	-8
Cash and cash equivalents in the cash flow statement, net	2,008	3,770

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.

20 Equity

Share capital and treasury shares 2023

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)	65,282,088	65	54.1	55.2	63,900,000
Public shareholders	53,032,830	53	43.9	44.8	55,718,792
Entitled to voting rights and dividends	118,314,918	118	98.0	100.0	119,618,792
Treasury shares	2,438,865	2	2.0		1,134,991
Total	120,753,783	120	100.0		120,753,783

In 2023, the Company matched 141,528 treasury shares of which the main portion relates to the matured share matching plan 2020 (2022: matched 122,699 treasury shares of which the main portion relates to the matured share matching plan 2019). In relation with the acquisition of Apex, 1,418,012 treasury shares with a carrying amount of CHF 349 million (fair value of CHF 370 million) were transferred to the previous owners. In addition, the Company purchased 2,863,414 treasury shares for CHF 716 million (2022: purchased 2,526,200 treasury shares for CHF 646 million).

On December 31, 2023, the Company held 2,438,865 treasury shares (2022: 1,134,991), which are reserved under the share-based compensation plans, the acquisition of non-controlling interests and settlements of contingent consideration liabilities; for more information regarding the share-based compensation plans refer to note 22.

Dividends

The proposed dividend payment in 2024, subject to approval by the Annual General Meeting, is as follows:

Distribution from	Per share in CHF	CHF million
Retained earnings	8.25	976
Capital contribution reserves	1.75	207
Total	10.00	1,183

The dividend payment to owners in 2023 amounted to CHF 14.00 per share or CHF 1,661 million (2022: CHF 10.00 per share or CHF 1,186 million). Additionally, dividends in the amount of

CHF 172 million were paid to non-controlling interests (2022: 75 million), mainly related to Apex.

Share capital and treasury shares 2022

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	53.4	63,900,000
Public shareholders	55,718,792	56	46.2	46.6	56,385,024
Entitled to voting rights and dividends	119,618,792	120	99.1	100.0	120,285,024
Treasury shares	1,134,991	1	0.9		468,759
Total	120,753,783	121	100.0		120,753,783

Authorised and conditional share capital

The Annual General Meeting held on May 3, 2022, extended its approval of authorised share capital up to a maximum of CHF 20 million by a further two years until May 8, 2024.

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.

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	2023	2022	2021	2020	2019
Total equity	3,159	4,147	3,211	2,413	2,322
Total assets	10,971	14,751	14,650	9,851	9,825
Equity ratio in per cent	28.8	28.1	21.9	24.5	23.6

21 Provisions for pension plans and severance payments

Some Group companies maintain pension plans in favour of their personnel in addition to the legally required social security schemes. The pension plans partly exist as independent trusts and are classified as a defined contribution or a defined benefit plan. Retirement benefits vary from plan to plan to reflect applicable local practices and legal requirements. Retirement benefits are based on years of credited service and compensation as defined in the respective plan.

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. Expected payments for redundancies are included in provisions (refer to note 24).

Overview of provisions for pension plans and severance payments

CHF million	Pension plans	Severance payments	Total
Balance as of January 1, 2022	353	26	379
Provisions made	15	4	19
Provisions used	-17	-2	-19
Actuarial (gains)/losses recognised in other comprehensive income	-111	-	-111
Effect of movements in foreign exchange	-15	-1	-16
Balance as of December 31, 2022	225	27	252
Provisions made	16	5	21
Provisions used	-23	-3	-26
Actuarial (gains)/losses recognised in other comprehensive income	37	-	37
Effect of movements in foreign exchange	-11	-3	-14
Balance as of December 31, 2023	244	26	270

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.

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.

CHF million	2023			2022		
	Funded plans	Unfunded plans	Total	Funded plans	Unfunded plans	Total
Net liability for defined benefit obligations						
Present value of obligations	160	215	375	191	208	399
Fair value of plan assets	-131	-	-131	-174	-	-174
Present value of net obligations	29	215	244	17	208	225
Recognised net liability for defined benefit obligations	29	215	244	17	208	225
Expected payments to defined benefit plan in the next year	8	12	20	8	11	19

CHF million	2023	2022
Allocation of plan assets		
Debt securities	4	47
Equity securities	8	11
Insurance contracts and others	119	116
Total	131	174

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	2023	2022
	Funded plans	Funded plans
Movements of fair value of plan assets		
Opening fair value of plan assets	174	201
Employer contribution	7	7
Employee contribution	4	4
Return on plan assets, excluding interest	-6	-28
Interest on plan assets	5	3
Benefits paid by the plan	-7	-8
Plan settlement ¹	-44	-3
Effect of movements in foreign exchange	-2	-2
Closing fair value of plan assets	131	174
Actual return on plan assets for the year	-1	-25

¹ The plan settlement in 2023 primarily relates to the settlement of a defined benefit plan in the United States. As of December 31, 2023, only defined contribution plans remain.

CHF million	2023			2022		
	Funded plans	Unfunded plans	Total	Funded plans	Unfunded plans	Total
Movements of present value of defined benefit obligations						
Opening liability for defined benefit obligations	191	208	399	249	305	554
Current service costs	5	3	8	7	4	11
Interest costs	6	7	13	3	3	6
Employee contribution	5	-	5	4	-	4
Actuarial (gains)/losses recognised in other comprehensive income:						
– due to changes in financial assumptions	14	9	23	-62	-85	-147
– due to experience (gains)/losses	-3	10	7	3	5	8
Benefits paid by the plan	-6	-10	-16	-8	-10	-18
Past service costs – amendments	-	-1	-1	1	-	1
Effects due to plan settlement ¹	-48	-	-48	-3	-	-3
Effect of movements in foreign exchange	-4	-11	-15	-3	-14	-17
Closing liability for defined benefit obligations	160	215	375	191	208	399
Expense recognised in the income statement						
Service costs	7	1	8	8	4	12
Net interest on the net defined benefit liability	-	8	8	-	3	3
Expense recognised in personnel expenses (refer to note 8)	7	9	16	8	7	15
Actuarial gains/(losses) recognised in other comprehensive income						
Cumulative amount as of January 1	-17	-41	-58	-48	-128	-176
Recognised during the year	-17	-20	-37	31	87	118
Cumulative amount as of December 31	-34	-61	-95	-17	-41	-58

¹ The plan settlement in 2023 primarily relates to the settlement of a defined benefit plan in the United States. As of December 31, 2023, only defined contribution plans remain.

	Active		Deferred		Retired		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Plan participants								
Number of plan participants	14,145	14,075	761	1,241	1,869	2,387	16,775	17,703
Present value of defined benefit obligations								
In CHF million	204	202	24	40	147	157	375	399
Share in per cent	54.4	50.7	6.4	10.0	39.2	39.3	100.0	100.0
Average duration in years							13.1	13.8

Weighted actuarial assumptions at the balance sheet date

Per cent	2023			2022		
	Funded plans	Unfunded plans	Total	Funded plans	Unfunded plans	Total
Discount rate	1.8	3.4	3.2	3.1	3.7	3.7
Future salary increases	2.1	2.0	2.0	2.1	2.0	2.0
Future pension increases	0.1	1.9	1.6	-	1.7	1.7

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:

CHF million	2023			2022		
	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 -/+	7	7	14	6	6	12
Future salary increases						
Change of defined benefit obligation +/-	1	1	2	1	1	2

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.

Major defined benefit plans

The Group maintains significant defined benefit pension plans in Germany and in Switzerland constituting 90.7 per cent of the defined benefit obligations and 87.8 per cent of the plan assets. The defined benefit plan in United States was closed in December 2023.

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	2023	2022
Recognised liability for defined benefit obligations	200	191
Expense recognised in personnel expenses	8	6
Actuarial gains/(losses) recognised in other comprehensive income	-21	78
Number of plan participants	2,974	3,058
Average duration in years	12.3	13.1

Weighted actuarial assumptions at the balance sheet date

Per cent	2023	2022
Discount rate	3.30	3.70
Future salary increases	2.00	2.00
Future pension increases	2.00	2.00
Mortality table	Dr. K. Heubeck 2018 G	Dr. K. Heubeck 2018 G

Switzerland

The Swiss defined benefit plans 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 number of employee and employer 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.

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	2023	2022
Net liability for defined benefit obligations		
Present value of obligations	140	118
Fair value of plan assets	-115	-107
Recognised net liability for defined benefit obligations	25	11
Allocation of plan assets		
Insurance contracts and others	116	107
Expense recognised in the income statement		
Service costs	5	7
Actuarial gains/(losses) recognised in other comprehensive income	-14	28
Number of plan participants	585	572
Average duration in years	14.7	15.0

Weighted actuarial assumptions at the balance sheet date

Per cent	2023	2022
Discount rate	1.35	2.15
Future salary increases	1.75	1.75
Mortality table	BVG 2020 Generational	BVG 2020 Generational

22 Employee 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 foregone 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.

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	2023	2022	2021
Grant date	July 21, 2023	July 22, 2022	July 23, 2021
Vesting, service and blocking period	July 21, 2023 - June 30, 2026	July 22, 2022 - June 30, 2025	July 23, 2021 - June 30, 2024
Number of shares invested/granted at grant date	204,706	196,603	172,100
Number of shares to be matched as of Dec. 31, 2023	203,411	185,948	143,290
Number of shares to be matched as of Dec. 31, 2022	n/a	196,338	157,965
Share match ratio	0.8	0.8	0.8
Fair value of shares to be matched at grant date in CHF per share	189.03	168.85	233.9

On July 1, 2023, the SMP 2020 matured with a share match ratio of 0.8 resulting in a matching of 134,687 shares to the participating employees of this plan.

On July 1, 2022, the SMP 2019 matured with a share match ratio of 0.8 resulting in a matching of 117,340 shares to the participating employees of this plan.

CHF million	2023	2022
Personnel expense for employee share-based compensation plans	23	21

23 Bank and other interest-bearing liabilities and borrowings

CHF million	Dec. 31, 2023	Dec. 31, 2022
Bank overdrafts	3	8
Bank and other interest-bearing liabilities	3	8
0.2 per cent bonds due on June 18, 2025	200	200
Borrowings	200	200

Current bank and other interest-bearing liabilities include bank overdrafts of CHF 3 million (2022: CHF 8 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, 2023, 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 which was repaid on November 18, 2022. A second public bond

was issued the same day for CHF 200 million with a nominal interest rate of 0.2 per cent due on June 18, 2025 with redemption at par value.

24 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.

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, 2022	76	9	50	135
Provisions used	-16	-8	-7	-31
Provisions reversed	-16	-	-6	-22
Provisions made	57	11	32	100
Effect of movements in foreign exchange	-3	-	-2	-5
Balance as of December 31, 2022	98	12	67	177
of which				
– Current provisions	70	5	43	118
– Non-current provisions	28	7	24	59
Total provisions	98	12	67	177
Balance as of January 1, 2023	98	12	67	177
Provisions used	-26	-8	-8	-42
Provisions reversed	-31	-	-13	-44
Provisions made	22	12	46	80
Effect of movements in foreign exchange	-5	-	-4	-9
Balance as of December 31, 2023	58	16	88	162
of which				
– Current provisions	42	4	62	108
– Non-current provisions	16	12	26	54
Total provisions	58	16	88	162

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. See also note 29.

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 47 million (2022: CHF 43 million) and redundancy provisions of CHF 40 million (2022: CHF 10 million).

25 Trade payables, contract liabilities and accrued trade expenses

CHF million	Dec. 31, 2023	Dec. 31, 2022
Trade payables	2,012	2,731
Contract liabilities	154	280
Accrued trade expenses	1,072	1,976
Total	3,238	4,987

The majority of all trade payables is in the respective Group companies' own functional currencies, thereof 40.1 per cent (2022: 40.6 per cent) in EUR and 16.3 per cent (2022: 19.5 per cent) in USD.

The entire balance of contract liabilities as of December 31, 2022, was recognised as turnover in 2023.

26 Other non-current liabilities

CHF million	Dec. 31, 2023	Dec. 31, 2022
Contingent consideration liabilities ¹	-	83
Put options on non-controlling interests ²	830	1,076
Total	830	1,159

¹ The balance in 2022 mainly represents the long-term portion of the contingent considerations from the acquisition of Apex.

² The balance represents the long-term portion of the redemption liability recognised for the put options on non-controlling interests in Apex and Morgan Cargo. Refer to note 28 for additional details.

27 Other current liabilities

CHF million	Dec. 31, 2023	Dec. 31, 2022
Personnel expenses (including social security)	674	955
Other tax liabilities	89	84
Other operating expenses	179	186
Contingent consideration liabilities ¹	42	83
Put options on non-controlling interests ²	99	317
Sundry	79	113
Total	1,162	1,738

¹ The balance mainly represents the short-term portion of the contingent consideration liability from the acquisition of Apex. Further details are described in note 33.

² The balance represents the short-term portion of the redemption liability recognised for the put options on non-controlling interests in Apex and Morgan Cargo. Refer to note 28 for additional details.

28 Business combinations, divestments and acquisitions of non-controlling interests

Business combinations

The Group elects on a transaction-by-transaction basis whether to measure non-controlling interests at their fair value or at their 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.

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.

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.

2023 Acquisitions

CHF million	Recognised fair values
Other intangibles	6
Other non-current assets	1
Acquired cash and cash equivalents	13
Other current assets	22
Subtotal assets	42
Non-current liabilities	-2
Current liabilities	-17
Total identifiable assets and liabilities, net	23
Goodwill	30
Total assets and liabilities, net	53
Non-controlling interests, proportionate share of identifiable net assets	-11
Purchase price for the ownership acquired	42
Thereof shares issued, at fair value	-
Purchase price, paid in cash	42
Acquired cash and cash equivalents	-13
Net cash outflow	29

Effective November 14, 2023, the Group acquired 51.0 per cent of the shares of Morgan Cargo, the Johannesburg-based South African leading freight forwarder specialised in air transport and handling perishable goods.

CHF 42 million of the purchase price for the acquired interest of Morgan Cargo was paid in cash. For the remaining 49.0 per cent of the shares, the Group entered into a call option 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 Morgan Cargo's financial performance over the three years measurement period. 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 on 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 27 million. The put option liability is recognised in the balance sheet item "Other current liabilities" and "Other non-current liabilities".

Acquisition-related costs (included in the line item "selling, general and administrative expenses" in the income statement) amount to CHF 1 million.

The trade receivables comprise gross contractual amounts due of CHF 21 million, of which none were expected to be uncollectible at the acquisition date.

Other intangibles of CHF 6 million recognised on the acquisition represent the Morgan Cargo contractual and non-contractual customer lists having useful lives of five years. Goodwill of CHF 30

million arose on the acquisition 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 and Road Logistics.

From November 14 to December 31, 2023, the acquisition of Morgan Cargo contributed CHF 28 million of net turnover and CHF 2 million of earnings. If the acquisition had occurred on January 1, 2023, the Group's net turnover would have been CHF 23,973 million and consolidated earnings for the period would have been CHF 1,467 million.

The accounting for the acquisition made in 2023 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.

On June 26, 2023, Apex management exercised the put options to sell half of the remaining 7.7 per cent of their retained shares to the Group. The options were settled with a fair value of CHF 323 million in the Company's treasury shares. Upon closing of the transaction, the Group therefore increased its ownership interest by 3.9 per cent and has present access to 71.2 per cent of the shares of Apex.

As of December 31, 2023, the Group recognised redemption liabilities in connection with the put options on non-controlling interests in Apex and Morgan Cargo. At the balance sheet date, the carrying amount of the put option liabilities amounted to CHF 929 million (2022: CHF 1,393 million) and is recognised in the balance sheet items "Other current liabilities" and "Other non-current liabilities". For further details, refer to notes 26, 27 and 33.

Agreed upon future transactions

On November 28, 2023, the Group entered into an agreement to acquire 100% of the shares of Farrow Group Inc., a Canada-based customs broker, for a purchase price of CHF 166 million, which was paid in cash on the closing date January 31, 2024.

2022 Acquisitions

On July 18, 2022, Apex management exercised the put options to sell one third of the remaining 11.6 per cent of their retained shares to the Group. The Group increased its ownership interests by 3.9 per cent and had access to 67.4 per cent of the shares. The put options were settled in the Company's treasury shares (fair value of CHF 353 million). Refer to note 33 for further details.

No material adjustments to the values previously reported were deemed necessary after having finalised the acquisition accounting in 2022.

2023 Divestments

The Group did not divest any material business as of December 31, 2023.

2022 Divestments

On June 3, 2022, Kuehne+Nagel signed an agreement to sell its business in Russia, Belarus, Azerbaijan and Kazakhstan. The impact on the consolidated group financial statements is not material. The transaction closed on July 20, 2022.

29 Contingent liabilities

Some Group companies are defendants in various legal proceedings. A disclosure of individual contingent liabilities is considered impracticable and is therefore not included in this note. Based on respective legal advice, the management is of the opinion that the outcome of those proceedings will have no material effect on the financial situation of the Group beyond the existing provision for pending claims of CHF 58 million (2022: CHF 98 million), refer to note 24 for further details.

30 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, 2023

CHF million	Properties and buildings	Operating and office equipment	Total
2024	20	30	50
2025–2028	39	29	68
Later	36	1	37
Total	95	60	155

As of December 31, 2022

CHF million	Properties and buildings	Operating and office equipment	Total
2023	28	35	63
2024–2027	67	20	87
Later	70	–	70
Total	165	55	220

Details regarding the leases recognised in the income statement are described in note 15.

31 Capital commitments

As of year-end, capital commitments of CHF 4 million (2022: CHF 12 million) existed in respect of non-cancellable purchase contracts for property, plant and equipment.

32 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 strategic 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.

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	2023	2022
	Carrying amount	Carrying amount
Variable rate instruments		
Cash and cash equivalents (excluding cash on hand)	2,011	3,778
Current bank and other interest-bearing liabilities	-3	-8
Total	2,008	3,770

Fair value sensitivity analysis – fixed rate instruments

As of December 31, 2023, and 2022, 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, 2023, would increase or decrease pre-tax profit or loss by CHF 20 million (2022: CHF 38 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 2023 and 2022 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	2023		2022	
	EUR	USD	EUR	USD
Cash and cash equivalents	36	77	77	485
Trade receivables	80	411	84	680
Interest-bearing liabilities	-	-	-	-
Trade payables	-55	-136	-74	-248
Other liabilities	-	-41	-	-164
Net balance sheet exposure	61	311	87	753

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.

2023

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)	6	31	7

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

2022

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	75	9

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.

Sensitivity analysis

A ten per cent 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.

exchange rates would not result in an impact on other comprehensive income. On December 31, 2023, no securities measured at fair value were held and no cash flow hedge accounting was applied.

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	2023	2022
Trade receivables	3,634	5,291
Contract assets	267	540
Other receivables	151	211
Cash and cash equivalents	2,011	3,778
Total	6,063	9,820

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 17).

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

CHF million	2023	2022
EMEA	2,085	3,075
Americas	1,187	1,970
Asia-Pacific	629	786
Total	3,901	5,831

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:

2023						
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	3	3	3	-	-	-
Borrowings	200	202	-	-	202	-
Trade payables	2,012	2,012	2,012	-	-	-
Accrued trade expenses	1,072	1,072	1,072	-	-	-
Contingent consideration liabilities ¹	42	1	1	-	-	-
Put options on non-controlling interests ^{1,2}	929	839	-	9	830	-
Other liabilities	247	247	247	-	-	-
Lease liabilities ³	1,615	1,670	281	225	956	208
Total	6,120	6,046	3,616	234	1,988	208

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

² The first tranche of the Morgan Cargo put option is exercisable in 2024 and Partners Group's put option on 24.9 per cent in Apex is exercisable as of January 1, 2025.

³ The majority of lease payments over five years falls due until 2032.

2022						
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	8	8	8	-	-	-
Borrowings	200	201	-	-	201	-
Trade payables	2,731	2,731	2,731	-	-	-
Accrued trade expenses	1,976	1,976	1,976	-	-	-
Contingent consideration liabilities ¹	166	2	2	-	-	-
Put options on non-controlling interests ^{1,2}	1,393	888	-	-	888	-
Other liabilities	254	254	254	-	-	-
Lease liabilities ³	1,492	1,521	244	233	846	198
Total	8,220	7,581	5,215	233	1,935	198

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

² Partners Group's put option on 24.9 per cent in Apex is exercisable as of January 1, 2025.

³ The majority of lease payments over five years falls due until 2031.

The exercise prices of the put options over non-controlling interests depend on the performance of Apex and Morgan Cargo, as described in note 28. Depending on their actual performance, the actual payment amounts may vary significantly compared to the currently recognised liabilities. The Group reassesses the performance scenarios on a quarterly basis and revalues 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 in significantly different amounts.

33 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 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 17).

Financial liabilities

All financial liabilities are initially recognised at fair value minus, in the case of financial liabilities not measured 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 consideration liabilities.

■ 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, 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".

Fair values

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.

As of December 31, 2023

CHF million	Financial assets at FVPL	Financial assets at amortised cost	Total carrying amount	Total fair value
Trade receivables	-	3,634	3,634	3,634
Other receivables	1	160	161	161
Total	1	3,794	3,795	3,795

CHF million	Financial liabilities at FVPL	Financial liabilities at amortised cost	Total carrying amount	Total fair value
Bank and other interest-bearing liabilities	-	3	3	3
Borrowings	-	200	200	196
Trade payables	-	2,012	2,012	2,012
Accrued trade expenses	-	1,072	1,072	1,072
Contingent consideration liabilities	42	-	42	42
Put options on non-controlling interests	-	929	929	929
Other liabilities	1	246	247	247
Total	43	4,462	4,505	4,501

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 options on non-controlling interests	-	1,393	1,393	1,393
Other liabilities	-	254	254	254
Total	166	6,562	6,728	6,719

On June 18, 2019, the Group issued a CHF 200 million public bond with a nominal interest rate of 0.02 per cent which was repaid on November 18, 2022. A second public bond was issued the same day for CHF 200 million with a nominal interest rate of 0.2 per cent due on June 18, 2025 with redemption at par (quoted prices, level 1 fair value of CHF 196 million on December 31, 2023, CHF 191 million in 2022). There are no other non-current fixed rate interest-bearing loans or other liabilities outstanding (December 31, 2022: none).

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

Level 3 financial liabilities include contingent consideration liabilities of CHF 42 million (2022: CHF 166 million). The second tranche of the contingent consideration liability to the previous owners of Apex in the amount of CHF 78 million was settled in 2023. CHF 47 million (fair value) was paid in the Company's treasury shares and CHF 31 million was paid in cash. Management has reassessed the estimated performance targets (significant unobservable input, level 3), resulting in a decrease of the contingent consideration liabilities of CHF 36 million.

Level 3 fair values

CHF million	Contingent consideration liabilities
Balance as of January 1, 2023	166
Utilised for settlements	-78
(Gains)/losses included in the income statement	
– Increase/(decrease) of contingent consideration liabilities – recorded within other operating income/expenses, net	-36
– Foreign exchange revaluation – recorded within financial expenses	-10
Balance as of December 31, 2023	42
of which	
– Current portion	42
– Non-current portion	–

34 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	
	2023	2022	2023	2022
Wages, salaries and other short-term employee benefits	15.7	20.3	4.4	4.4
Post-employment benefits	1.6	1.8	0.2	0.3
Share-based compensation	2.5	2.5	-	-
Total compensation	19.8	24.6	4.6	4.7

As of December 31, 2023, 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 55.4 per cent (2022: 53.6 per cent) of the voting shares of the Company.

For other related parties refer to note 20 outlining the shareholders' structure, and pages 103 to 114 listing the Group's significant subsidiaries and joint ventures.

35 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.

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

The Group tests its goodwill with a total carrying amount of CHF 2,034 million (2022: CHF 2,199 million) for impairment every year as disclosed in note 16.

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.

In 2023, the Group recorded no impairment charges on goodwill and other intangible assets (2022: no impairment recorded). The carrying amount of other intangibles is CHF 121 million (2022: CHF 180 million), and that of property, plant and equipment is CHF 762 million (2022: CHF 739 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, 2023, the Group has recognised total contingent consideration liabilities of CHF 42 million (2022: CHF 166 million). The contingent considerations are classified as other financial liabilities. For further details see note 33.

Put options on non-controlling interests

Resulting from business combinations, the put options on non-controlling interests are recognised at the acquisition date as part of the business combinations. The non-controlling interests are reclassified as financial liabilities at each reporting date as if the acquisition took place at that date. Any excess over the reclassified carrying amount of the non-controlling interests and all subsequent changes in the redemption value of the financial liabilities are recognised directly in retained earnings.

In connection with the Apex and Morgan Cargo Group transactions, the put option liabilities on non-controlling interests with the estimated carrying amount of CHF 929 million (2022: CHF 1,393 million) were recognised at balance sheet date. The put option liabilities on non-controlling interests are classified as other financial liabilities. The option exercise prices depend on the financial performance of Apex and Morgan Cargo. Depending on the actual performance, the actual payment amounts may vary significantly compared to the currently recognised liabilities. The Group reassesses the performance scenarios on a quarterly basis and revaluates the liabilities accordingly. For further details see note 28.

Defined benefit pension plans

The Group has recognised a liability for defined benefit pension plans in the amount of CHF 244 million (2022: CHF 225 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

Freight forwarding transactions which are completed and for which the costs are not fully received, are accrued for expected costs

based on best estimate. The Group management's judgement is involved in the estimate of costs 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 87 million (2022: CHF 122 million). Furthermore, the Group has unrecognised deferred tax assets relating to unused tax losses of CHF 10 million (2022: CHF 8 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 12).

Provisions and contingent liabilities

The Group has recognised provisions for an amount of CHF 162 million (2022: CHF 177 million) related to legal claims and other exposures in the freight forwarding and logistics operations (see note 24). The provisions represent the best estimate of the risks, whereby the final amount required is subject to uncertainty.

36 Post balance sheet events

The acquisition of Farrow closed on January 31, 2024, refer to note 28 for more details. There have been no other material events between December 31, 2023, and the date of authorisation of the consolidated financial statements that would require adjustments of the consolidated financial statements or disclosure.

37 Resolution of the Board of Directors

The consolidated financial statements of the Group were authorised for issue by the Board of Directors on February 29, 2024. A resolution to approve the consolidated financial statements will be proposed at the Annual General Meeting on May 8, 2024.

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
	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	84	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
	Kuehne + Nagel Navegacao Lda	Luanda	AOA	-	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

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
Bahrain	Kuehne + Nagel WLL ¹	Manama	BHD	750	100
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	16,681	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	EUR	571	100
Cyprus	Kuehne + Nagel Ltd.	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	Ferrieres	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	Ferrieres	EUR	37	100
	Kuehne + Nagel EASYLOG SAS	Ferrieres	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	Ferrieres	EUR	113,697	100
	K Logistics Sarl	Le Meux	EUR	91	100
	Kuehne + Nagel Solutions	Saint Vulbas	EUR	10	100
Quick International France SAS	Villepinte	EUR	50	100	
Germany	Kuehne + Nagel (AG & Co.) KG	Bremen	EUR	16,000	100
	KN Airlift GmbH	Frankfurt	EUR	256	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
Germany	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
	Express Air Systems GmbH (Joint Venture)	Kriftel	EUR	92	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	500	100
Great Britain	Kuehne + Nagel (UK) Limited	Uxbridge	EUR	46,300	100
	Kuehne + Nagel Limited	Uxbridge	GBP	8,867	100
	Morgan Cargo Limited	Guildford	GBP	-	51
	Nacora Insurance Brokers Limited	Uxbridge	GBP	150	100
	Quick International Couriers (UK) Limited	Colnbrook	GBP	-	100
Greece	Kuehne + Nagel AE	Athens	EUR	9,528	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	1,999	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 & Nagel (UK) Ltd. / Jordan	Amman	JOD	50	100
Kenya	Kuehne + Nagel Limited ¹	Nairobi	KES	63,995	100
	Morgan Air And Seafreight Logistics Kenya	Nairobi	KES	11	51
	Blue Anchor Line Limited	Nairobi	KES	500	100
	Trillvane Limited	Nairobi	KES	750	100

¹ Directly held by Kuehne + Nagel International AG.

² The voting rights of these Apex companies represent the direct percentage of the interest. The indirect percentage of the non-controlling interest amounts to 28.8%.

Europe, Middle East and Africa (EMEA)					
Country	Name of the company	Location	Currency	Share capital in thousand	Voting rights in per cent
Kuwait	Kuehne + Nagel Company W.L.L. ¹	Kuwait	KWD	150	100
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
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
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 S.A.	Porto	EUR	200	100
	Kuehne + Nagel IT Services, S.A.	Porto	EUR	300	100
Qatar	Kuehne + Nagel L.L.C. ¹	Doha	QAR	1,900	100
	K Logistics QFZ LLC	Doha	QAR	-	100
Romania	Kuehne + Nagel SRL	Bucharest	RON	2,543	100
	Truck Supply Europe Srl	Ploiesti	RON	442	100
Saudi Arabia	Kuehne and Nagel Limited ¹	Jeddah	SAR	1,000	100
Serbia	Kuehne + Nagel d.o.o.	Belgrade	RSD	3,039	100

¹ Directly held by Kuehne + Nagel International AG.

² The voting rights of these Apex companies represent the direct percentage of the interest. The indirect percentage of the non-controlling interest amounts to 28.8%.

Europe, Middle East and Africa (EMEA)					
Country	Name of the company	Location	Currency	Share capital in thousand	Voting rights in per cent
Serbia	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
South Africa	Kuehne + Nagel (Proprietary) Limited ¹	Johannesburg	ZAR	651,652	70
	Morgan Cargo (Pty) Ltd. ³	Johannesburg	ZAR	533,200	100
	Morgan Cargo (KZN) (Pty) Ltd. ³	Durban	ZAR	29,347	100
	Morgan Cargo Express (Pty) Ltd. ³	Port Elizabeth	ZAR	65,398	100
	Kuehne & Nagel Investments (Pty) Ltd.	Gauteng	ZAR	1,074,736	51
	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 ¹	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 MEA L.L.C. ¹	Dubai	AED	1,000	100
Uganda	Kuehne + Nagel Limited ¹	Kampala	UGX	827,500	100
Ukraine	Kuehne + Nagel SC	Kiev	UAH	26,975	100

¹ Directly held by Kuehne + Nagel International AG.

² The voting rights of these Apex companies represent the direct percentage of the interest. The indirect percentage of the non-controlling interest amounts to 28.8%.

³ The voting rights of these Morgan Cargo companies represent the direct percentage of the interest. The indirect percentage of the non-controlling interest amounts to 49.0%.

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 Servicios Logisticos Ltda. ¹	Sao Paulo	BRL	190,804	100
	Nacora Corretagens de Seguros Ltda.	Sao Paulo	BRL	1,094	100
Canada	Kuehne + Nagel Ltd. ¹	Toronto	CAD	2,910	100
	Kuehne + Nagel Holdings Ltd.	Mississauga	CAD	-	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
	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	Bogota	COP	5,184,600	100
	Agencia de Aduanas KN Colombia S.A.S. Nivel 2 ¹	Bogota	COP	595,000	100
	Kuehne + Nagel Servicios S.A.S	Bogota	COP	1,500,000	100
	Nacora LTDA Agencia de Seguros	Bogota	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	12,223	100
	Kuehne + Nagel Forwarding S.A. de C.V. ¹	Mexico City	MXN	12,223	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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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
	Commodity Forwarders Inc.	Los Angeles	USD	1,220	100
	Q International Courier, LLC	Jamaica	USD	-	100
	Kuehne + Nagel Holding Inc.	Jersey City	USD	-	100
	KN Forest Conservation, LLC	Jersey City	USD	-	100
	Apex Holdings Group, Inc. ²	Rancho Dominguez	USD	5,300	100
	Apex Cargo Transportation Inc. ²	Rancho Dominguez	USD	76	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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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	9,746	100
	Nacora Insurance Services Pty Ltd.	Melbourne	AUD	-	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	Kuehne & Nagel Supply Chain Ltd.	Shanghai	CNY	30,000	100
	Zhejiang Jiajin Logistics Co. Ltd.	Huzhou	CNY	10,000	100
	Heilongjiang Chifeng Transportation Co. Ltd.	Daqing	CNY	2,747	100
	Apex Logistics Intl. (Zhengzhou) Ltd. ²	Zhengzhou	CNY	15,000	100
	Shanghai Shunzhuo Logistics Development Co., Ltd. ²	Shanghai	CNY	-	100
	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
	Apex Logistics International (Chengdu) Ltd. ²	Chengdu	CNY	30,000	100
	Hefei Shunzhuo Supply Chain Management Co. Ltd. ²	Hefei	CNY	-	100
	Apex Logistics International (CN) Ltd. ²	Shanghai	CNY	61,750	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	

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Asia-Pacific					
Country	Name of the company	Location	Currency	Share capital in thousand	Voting rights in per cent
China	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
	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	5,000	100
	Sinpex Connection Logistics (Ningbo) Limited ²	Ningbo	CNY	5,000	100
	Sinpex Connection Logistics (Nanjing) Limited ²	Nanjing	CNY	5,000	100

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Asia-Pacific					
Country	Name of the company	Location	Currency	Share capital in thousand	Voting rights in per cent
	Sinpex Connection Logistics (Shenzhen) Limited ²	Shenzhen	CNY	45,000	100
	Sinpex Connection Logistics (Xiamen) Limited ²	Xiamen	CNY	5,000	100
	Sinpex Connection Logistics (Tianjin) Limited ²	Tianjin	CNY	5,000	100
	Sinpex Connection Logistics (Qingdao) Limited ²	Qingdao	CNY	5,000	100
	Sinpex Connection Logistics (Zhongshan) Limited ²	Zhongshan	CNY	5,000	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. ¹	Macao	HKD	971	100
India	Apex Global Forwarders India Pvt. Ltd. ²	New Delhi	INR	166,040	60
	Kuehne + Nagel Pvt. Ltd. ¹	New Delhi	INR	30,000	100
Indonesia	PT. Kuehne Nagel Indonesia	Jakarta	IDR	13,513,600	95
	PT. Naku Logistics Indonesia	Jakarta	IDR	24,455,000	67
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

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Asia-Pacific					
Country	Name of the company	Location	Currency	Share capital in thousand	Voting rights in per cent
Korea	Kuehne + Nagel Ltd. ¹	Seoul	KRW	500,000	100
	Apex Logistics International (Korea) Limited ²	Seoul	KRW	5,026,375	100
	D&P International Freight Transportation CO., LTD 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
	Apex Logistics International (M) SDN.BHD. ²	Penang	MYR	3,000	100
Maldives	Kuehne + Nagel Private Limited ¹	Male	USD	1	100
Myanmar	Kuehne + Nagel Ltd.	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.	Manila	PHP	5,000	100
	Kuehne + Nagel Shared Service Center Inc.	Cebu	PHP	10,500	100
	Kuehne + Nagel Global Services Inc.	Cebu	PHP	304,000	100
Singapore	Kuehne + Nagel Pte. Ltd. ¹	Singapore	SGD	72,250	100
	Modern Office Pte. Ltd.	Singapore	USD	19,579	100
	Transpac Container System Pte. Ltd	Singapore	SGD	-	100
	Nacora Insurance Agency Pte. Ltd.	Singapore	SGD	100	100

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Asia-Pacific					
Country	Name of the company	Location	Currency	Share capital in thousand	Voting rights in per cent
	Kuehne + Nagel (Asia Pacific) Management Pte. Ltd. ¹	Singapore	SGD	19,307	100
	Kuehne + Nagel Real Estate Pte Ltd	Singapore	SGD	72,000	100
	Kuehne+Nagel (Asia Pacific) Holding Pte Ltd ¹	Singapore	SGD	13,433	100
	Apex Logistics International (S) Pte.Ltd. ¹	Singapore	SGD	2,002	100
	Apex Logistics Solutions International Pte. Ltd.	Singapore	USD	29	71.2
	Apex Logistics International Mgmt Pte.Ltd. ²	Singapore	USD	-	100
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	30,000	100
	Kuehne & Nagel Transport Ltd. ²	Bangkok	THB	100	100
	Apex Logistics International (Thailand) Ltd. ²	Bangkok	THB	10,000	100
	Apex Logistics Int Mgmt (Thailand) Ltd. ²	Bangkok	THB	100	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	26,910,000	100
	Sinpex Connection Logistics (Vietnam) Co. Ltd. ²	Ho Chi Minh	VND	10,613,500	100

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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 consolidated balance sheet as at 31 December 2023, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements (pages 47 to 114) give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and comply with Swiss law.



Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISA) and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the “Auditor’s responsibilities for the audit of the consolidated financial statements” section of our report. We are independent of the Group in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession, as well as those of the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (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 judgment, 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.

Recognition of net turnover and related balance sheet accounts

Area of focus	Our audit response
<p>During the financial year 2023, the Group recognized net turnover in the amount of CHF 23,849 million. As of 31 December 2023, the Group has recognized CHF 267 million of contract assets and CHF 154 million of contract liabilities.</p> <p>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 recognized based upon the terms in the contract of carriage and to the extent a service is completed. Accruing for net turnover, including recognizing contract assets for unbilled services rendered and contract liabilities for payments received for services not yet rendered, depend on IT systems and controls.</p> <p>Due to the significance of net turnover, this matter was significant to our audit.</p> <p>The accounting policies regarding revenue recognition are explained in the notes to the consolidated financial statements in note 6. Further details on net turnover are disclosed in note 7 to the consolidated financial statements.</p>	<p>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. Furthermore, 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.</p> <p>Our audit procedures did not lead to any reservations concerning the recognition of net turnover and the accounting for contract assets and liabilities.</p>

Recoverability of goodwill and other intangible assets

Area of focus	Our audit response
<p>As of 31 December 2023, the Group has recorded goodwill of CHF 2,034 million.</p> <p>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.</p> <p>Due to the significance of the carrying values of goodwill and the judgment involved in performing the impairment tests, this matter was significant to our audit.</p> <p>The accounting policies regarding goodwill applied by the Group and further details on goodwill and the annual impairment tests are disclosed in the notes to the consolidated financial statements in note 16.</p>	<p>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. Furthermore, we assessed the historical accuracy of management's estimates and considered their ability to produce accurate long-term forecasts. Our work included an evaluation of management's sensitivity analysis on changes to the key assumptions, to quantify the downside changes in assumptions that could result in an impairment.</p> <p>Our audit procedures did not lead to any reservations concerning the valuation of goodwill and other intangible assets with indefinite useful lives.</p>

Valuation of income tax positions

Area of focus

As of 31 December 2023, the Group has recorded deferred tax assets of CHF 175 million. Furthermore, 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 recognizes the related tax assets or liabilities applying management's best estimate.

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

The accounting policies regarding current and deferred income taxes applied by the Group and further details on current and deferred income tax positions are disclosed in the notes to the consolidated financial statements in note 12.

Our audit response

We evaluated, with the support of our taxation specialists, the model used to recognize 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. Furthermore, 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.



Other information

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

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Board of Directors' responsibilities for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements, which give a true and fair view in accordance with IFRS Accounting Standards 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, ISA and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on EXPERTSuisse's website at: <https://www.expertsuisse.ch/en/audit-report>. This description forms an integral part of our report.



Report on other legal and regulatory requirements

In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the 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

Simon Zogg
Licensed audit expert
(Auditor in charge)

Andreas Traxler
Licensed audit expert

Zurich, February 29, 2024

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