

Quarterly Report 2022

**Condensed
Consolidated
Interim Financial
Statements 2022
(unaudited)**

January – March 2022

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Schindellegi, April 25, 2022

Income statement

CHF million	January – March		
	2022	2021	Variance in per cent
Net turnover	10,158	6,032	68.4
Net expenses for services from third parties	-7,216	-4,013	
Gross profit	2,942	2,019	45.7
Personnel expenses	-1,288	-1,106	
Selling, general and administrative expenses	-351	-303	
Other operating income/expenses, net	3	1	
EBITDA	1,306	611	113.7
Depreciation of property, plant and equipment	-43	-46	
Depreciation of right-of-use assets	-124	-124	
Amortisation of other intangibles	-19	-10	
EBIT	1,120	431	159.9
Financial income	11	3	
Financial expenses	-4	-5	
Result from joint ventures and associates	1	1	
Earnings before tax (EBT)	1,128	430	162.3
Income tax	-296	-112	
Earnings	832	318	161.6
Attributable to:			
Equity holders of the parent company	783	317	147.0
Non-controlling interests	49	1	
Earnings	832	318	161.6
Basic earnings per share in CHF	6.53	2.65	146.4
Diluted earnings per share in CHF	6.50	2.64	146.2

Statement of comprehensive income

CHF million	January - March	
	2022	2021
Earnings	832	318
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Foreign exchange differences	64	107
Items that will not be reclassified to profit or loss:		
Actuarial gains/(losses) on defined benefit plans	67	41
Income tax on actuarial gains/(losses) on defined benefit plans	-17	-10
Total other comprehensive income, net of tax	114	138
Total comprehensive income	946	456
Attributable to:		
Equity holders of the parent company	887	456
Non-controlling interests	59	-

Balance sheet

CHF million	Mar. 31, 2022	Dec. 31, 2021	Mar. 31, 2021
Assets			
Property, plant and equipment	743	766	812
Right-of-use assets	1,489	1,409	1,533
Goodwill	2,322	2,290	1,207
Other intangibles	236	247	100
Investments in joint ventures and associates	32	31	14
Deferred tax assets	219	226	256
Non-current assets	5,041	4,969	3,922
Prepayments	196	146	197
Contract assets	765	693	306
Trade receivables	6,340	6,404	4,157
Other receivables	138	113	122
Income tax receivables	15	20	50
Cash and cash equivalents	3,109	2,305	1,824
Current assets	10,563	9,681	6,656
Total assets	15,604	14,650	10,578

CHF million	Mar. 31, 2022	Dec. 31, 2021	Mar. 31, 2021
Liabilities and equity			
Share capital	121	121	120
Reserves and retained earnings	2,928	1,051	2,430
Earnings	783	2,032	317
Equity attributable to the equity holders of the parent company	3,832	3,204	2,867
Non-controlling interests	8	7	6
Equity	3,840	3,211	2,873
Provisions for pension plans and severance payments	310	379	400
Deferred tax liabilities	138	136	74
Borrowings	200	200	400
Non-current provisions	54	44	35
Other non-current liabilities	1,087	1,311	-
Non-current lease liabilities	1,093	1,053	1,169
Non-current liabilities	2,882	3,123	2,078
Bank and other interest-bearing liabilities	227	205	29
Trade payables	2,860	2,994	2,081
Contract liabilities	259	223	121
Accrued trade expenses	2,350	2,200	1,578
Income tax liabilities	581	440	196
Current provisions	91	91	78
Other current liabilities	2,049	1,732	1,096
Current lease liabilities	465	431	448
Current liabilities	8,882	8,316	5,627
Total liabilities and equity	15,604	14,650	10,578

Schindellegi, April 25, 2022

Kuehne + Nagel International AG

Dr. Detlef Trefzger
CEOMarkus Blanka-Graff
CFO

Statement of changes in equity

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

¹ The movement in retained earnings relates to of written put options on non-controlling interests in connection with the Apex acquisition.

CHF million	Share capital	Share premium	
Balance as of January 1, 2021	120	459	
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	-	-	
Expenses for share-based compensation plans	-	-	
Balance as of March 31, 2021	120	459	

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

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
-55	-1,230	-168	3,281	2,407	6	2,413
-	-	-	317	317	1	318
-	108	-	-	108	-1	107
-	-	31	-	31	-	31
-	108	31	-	139	-1	138
-	108	31	317	456	-	456
-	-	-	4	4	-	4
-55	-1,122	-137	3,602	2,867	6	2,873

Cash flow statement

CHF million	Note	January – March		
		2022	2021	Variance
Cash flow from operating activities				
Earnings		832	318	
Adjustments to reconcile earnings to net cash flows:				
Income tax		296	112	
Financial income		-11	-3	
Financial expenses		4	5	
Result from joint ventures and associates		-1	-1	
Depreciation of property, plant and equipment		43	46	
Depreciation of right-of-use assets		124	124	
Amortisation of other intangibles		19	10	
Expenses for share-based compensation plans		6	4	
(Gain)/loss on disposal of property, plant and equipment, net		-2	-	
Net addition to provisions for pension plans and severance payments		2	3	
Subtotal operational cash flow		1,312	618	694
(Increase)/decrease contract assets		-65	-29	
(Increase)/decrease trade and other receivables, prepayments		94	-680	
Increase/(decrease) provisions		9	-37	
Increase/(decrease) other liabilities		33	116	
Increase/(decrease) trade payables, contract liabilities and accrued trade expenses		-30	339	
Income taxes paid		-163	-93	
Total cash flow from operating activities		1,190	234	956

CHF million	Note	January - March		
		2022	2021	Variance
Cash flow from investing activities				
Capital expenditure				
- Property, plant and equipment		-41	-44	
- Other intangibles		-4	-4	
Disposal of property, plant and equipment		17	4	
Acquisition/disposal of subsidiaries, net of cash acquired/disposed	8/9/10	-	-3	
Dividend received from joint ventures and associates		1	-	
Interest received		1	1	
Total cash flow from investing activities		-26	-46	20
Cash flow from financing activities				
Repayment of lease liabilities		-125	-126	
Interest paid on borrowings and other interest-bearing liabilities		-3	-2	
Interest paid on lease liabilities		-2	-2	
Purchase of treasury shares	13	-263	-	
Total cash flow from financing activities		-393	-130	-263
Foreign exchange difference on cash and cash equivalents		11	24	-13
Increase/(decrease) in cash and cash equivalents		782	82	700
Cash and cash equivalents at the beginning of the period, net		2,300	1,713	587
Cash and cash equivalents at the end of the period, net		3,082	1,795	1,287

Notes to the condensed consolidated interim financial statements

1 Organisation

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

The condensed consolidated interim financial statements of the Company for the three months ended March 31, 2022, comprise the Company, its subsidiaries (the Group) and its interests in joint ventures and associates.

The Group voluntarily presents a balance sheet as of March 31, 2021.

2. Statement of compliance

The unaudited condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended December 31, 2021.

3. Basis of preparation

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

The preparation of the condensed consolidated interim financial statements in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting, as issued by the International Accounting Standards Board (IASB), requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The actual result may differ from these estimates. Judgements made by the management in the application of International Financial Reporting Standards that have a significant effect on the condensed consolidated interim financial statements and estimates with a significant risk of material adjustment in the next period were the same as those applied to the consolidated financial statements for the year ended December 31, 2021.

4. Accounting policies

The accounting policies applied in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended December 31, 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Other new, revised and amended standards, amendments, improvements and interpretations apply for the first time in 2022, but do not have a material impact on the condensed consolidated interim financial statements of the Group.

5. Recent developments

Russian invasion of Ukraine

On February 24, 2022, Russian forces started the invasion of Ukraine. In response, multiple jurisdictions have imposed economic sanctions against Russia and Belarus.

Kuehne+Nagel is closely monitoring the situation and evaluating the consequences for its employees and its customers. Crisis response teams permanently review the situation and are in close contact with employees and business partners. The safety and wellbeing of the employees are a top priority and the Group continues to support affected employees and their families as and when needed. In Ukraine, all Kuehne+Nagel operations are suspended until further notice. Operations will be resumed once the local situation has normalised.

On March 11, 2022, Kuehne+Nagel announced that it pledges emergency aid to Ukraine for CHF 10 million. This will be provided in the form of free logistics services to leading global aid and relief organisations for the transport and temporary storage of humanitarian goods to Ukraine as well as Poland, Slovakia, Hungary and Romania until summer 2022.

Most carriers (air, sea, road and rail) have stopped their services to, from and through the Russian Federation. Equally, Kuehne+Nagel has suspended all shipments to, from and through the Russian Federation until further notice, except for pharma, healthcare and humanitarian supplies. In addition, the care for the employees is a top priority and competent crisis teams monitor and assess the situation closely.

Overall, it is too early to conclude on the effects for the Group, or on the global supply chain for customers. The direct impact on the Group is estimated to be minor.

COVID-19 pandemic

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

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

Beginning 2021, the Group observed and was exposed to disruptive supply chain events related to ship, port and trucking operations as well as container availability. Significant capacity was absorbed by large numbers of ships waiting in front of ports for their port calls. The resultant delays in port handling and inland container movements have created substantial disruptions and congestions in global supply chains. This situation, and the scarcity of airfreight capacity, led to a steep increase in freight rates.

Impact on the condensed consolidated interim financial statements

For these condensed consolidated interim financial statements, the impact of the COVID-19 pandemic and containment measures taken by various governments as well as the implications of the war and the related events were considered. Assessments for the future are based on various scenarios, taking into account the prevailing situation of uncertainty. In this context, making forecasts remains especially difficult.

The Group continued to assess the expected credit loss by applying updated credit ratings and probabilities of default. The impairment allowance provision in per cent of trade receivables and contract assets stands at 2.09 per cent as of March 31, 2022, compared to 1.91 per cent as of December 31, 2021.

The Group has analysed whether any triggering events could be identified, that would indicate an impairment of its assets. As of March 31, 2022, no material impairment losses needed to be recognised.

6. Foreign exchange rates

Conversion rates of major foreign currencies are applied as follows:

Income statement and cash flow statement

(average rates for the period)

Currency	Jan. – Mar. 2022 CHF	Jan. – Mar. 2021 CHF	Variance in per cent
EUR 1.-	1.0357	1.0916	-5.1
USD 1.-	0.9228	0.9043	2.0

Balance sheet

(period end rates)

Currency	Mar. 2022 CHF	Mar. 2021 CHF	Variance in per cent	Dec. 2021 CHF
EUR 1.-	1.0253	1.1077	-7.4	1.0381
USD 1.-	0.9345	0.9398	-0.6	0.9172

7. Seasonality

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

8. Changes in the scope of consolidation

No major changes in the scope of consolidation in the first three months of 2022.

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

2021	Capital share in per cent equals voting rights	Effective date
Divestments		
Pluto Holdings Logistics Ltd., Great Britain ¹	100	January 1, 2021
Kuehne + Nagel Drinkflow Log. (Holdings) Ltd., Great Britain ¹	100	January 1, 2021
Kuehne + Nagel Drinks Logistics Ltd., Great Britain ¹	100	January 1, 2021
Kuehne + Nagel Drinkflow Logistics Ltd., Great Britain ¹	100	January 1, 2021

¹ Refer to note 10 for details to the divestments.

9. Acquisitions

The Group did not acquire any material business in the first three months of 2022 and 2021.

10. Divestments

2022 Divestments

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

2021 Divestments

On March 8, 2020, Kuehne+Nagel entered into a binding agreement to sell a major part of its contract logistics portfolio in the United Kingdom to XPO Logistics, Inc. (NYSE: XPO). The scope of the transaction includes the drinks logistics, food services and retail & technology businesses, whereby the pharma & health-care businesses are retained. In the first three months 2020, the operations contributed CHF 164 million of net turnover, CHF 146 million of gross profit and a loss for the period of CHF 5 million to the Group's income statement.

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

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

11. Segment reporting

a) Reportable segments

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

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

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

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

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

b) Geographical information

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

c) Major customers

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

a) Reportable segments

January – March

CHF million	Total Group		Sea Logistics		Air Logistics	
	2022	2021	2022	2021	2022	2021
Turnover (external customers)	11,090	6,933	5,363	2,878	3,303	1,798
Customs duties and taxes	-932	-901	-506	-485	-157	-148
Net turnover (external customers)	10,158	6,032	4,857	2,393	3,146	1,650
Inter-segment turnover	-	-	1,379	730	2,397	1,221
Net expenses for services	-7,216	-4,013	-5,262	-2,641	-4,726	-2,469
Gross profit	2,942	2,019	974	482	817	402
Total expenses	-1,636	-1,408	-343	-268	-373	-230
EBITDA	1,306	611	631	214	444	172
Depreciation of property, plant and equipment	-43	-46	-6	-6	-6	-5
Depreciation of right-of-use assets	-124	-124	-1	-1	-1	-1
Amortisation of other intangibles	-19	-10	-3	-1	-12	-3
EBIT (segment profit)	1,120	431	621	206	425	163
Financial income	11	3				
Financial expenses	-4	-5				
Result from joint ventures and associates	1	1				
Earnings before tax (EBT)	1,128	430				
Income tax	-296	-112				
Earnings	832	318				
Attributable to:						
Equity holders of the parent company	783	317				
Non-controlling interests	49	1				
Earnings	832	318				
Additional information not regularly reported to CODM						
Allocation of goodwill	2,322	1,207	149	36	1,450	416
Allocation of other intangibles	236	100	-	-	207	56
Capital expenditure property, plant and equipment	41	44	5	4	4	4
Capital expenditure right-of-use assets	202	137	16	13	6	12
Capital expenditure other intangibles	4	4	2	1	1	-

b) Geographical information

January – March

CHF million	Total Group		EMEA		Americas	
	2022	2021	2022	2021	2022	2021
Turnover (external customers)	11,090	6,933	5,759	4,246	3,728	1,886
Customs duties and taxes	-932	-901	-685	-674	-198	-176
Net turnover (external customers)	10,158	6,032	5,074	3,572	3,530	1,710
Inter-regional turnover	-	-	1,763	1,416	601	314
Net expenses for services	-7,216	-4,013	-5,330	-3,703	-3,379	-1,568
Gross profit	2,942	2,019	1,507	1,285	752	456
Total expenses	-1,636	-1,408	-995	-965	-414	-313
EBITDA	1,306	611	512	320	338	143
Depreciation of property, plant and equipment	-43	-46	-28	-30	-8	-10
Depreciation of right-of-use assets	-124	-124	-82	-82	-28	-27
Amortisation of other intangibles	-19	-10	-4	-5	-8	-4
EBIT	1,120	431	398	203	294	102
Financial income	11	3				
Financial expenses	-4	-5				
Result from joint ventures and associates	1	1				
Earnings before tax (EBT)	1,128	430				
Income tax	-296	-112				
Earnings	832	318				
Attributable to:						
Equity holders of the parent company	783	317				
Non-controlling interests	49	1				
Earnings	832	318				
Additional information not regularly reported to CODM						
Capital expenditure property, plant and equipment	41	44	28	34	8	6
Capital expenditure right-of-use assets	202	137	120	97	57	15
Capital expenditure other intangibles	4	4	2	4	2	-

12. Fair value of financial assets and liabilities

As of March 31, 2022

CHF million	Financial assets at FVPL	Financial assets at amortised cost	Total carrying amount	Total fair value
Trade receivables	-	6,340	6,340	6,340
Other receivables	5	133	138	138
Total	5	6,473	6,478	6,478

CHF million	Financial liabilities at FVPL	Financial liabilities at amortised cost	Total carrying amount	Total fair value
Bank and other interest-bearing liabilities	-	227	227	227
Borrowings	-	200	200	196
Trade payables	-	2,860	2,860	2,860
Accrued trade expenses	-	2,350	2,350	2,350
Contingent consideration liabilities	307	-	307	307
Put option to non-controlling interest	-	1,508	1,508	1,508
Other liabilities	5	290	295	295
Total	312	7,435	7,747	7,743

As of December 31, 2021

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

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

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

No significant impact resulted from the remeasurement of the liabilities measured at fair value through profit and loss (FVPL) in the first three months 2022.

Level 3 fair values

CHF million	Contingent consideration liabilities
Balance as of January 1, 2022	300
Additions through business combinations	2
Total (gains)/losses included in other comprehensive income	
Effects of movements in foreign exchange	5
Balance as of March 31, 2022	307
of which	
– Current portion	223
– Non-current portion	84

13. Equity

In the first three months of 2022, the Company purchased 981,843 own shares for CHF 263 million (2021: no purchases).

14. Employees

Number	Mar. 31, 2022	Mar. 31, 2021
EMEA	49,325	48,744
Americas	17,638	14,815
Asia-Pacific	11,541	8,920
Total employees	78,504	72,479
Full-time equivalents of employees	73,914	67,684
Full-time equivalents of temporary staff	18,597	21,164
Full-time equivalents (total)	92,511	88,848

15. Capital expenditure

From January to March 2022, the capital expenditure on property, plant and equipment (excluding other intangible assets and property, plant and equipment from acquisitions) was CHF 41 million (2021: CHF 44 million) and the non-cash capital expenditure on right-of-use assets (excluding right-of-use assets from acquisitions) was CHF 202 million (2021: CHF 137 million).

16. Legal claims

The status of proceedings, disclosed in the notes 36 and 41 to the consolidated financial statements for the year ended December 31, 2021, has not changed materially.

17. Post balance sheet events

There have been no material events between March 31, 2022, and the date of authorisation that would require adjustments of the condensed consolidated interim financial statements or disclosure.

These unaudited condensed consolidated interim financial statements of Kuehne + Nagel International AG were authorised for issue by the Audit Committee of the Group on April 25, 2022.

Financial calendar

May 3, 2022	Annual general meeting
May 9, 2022	Dividend payment for 2021
July 25, 2022	Half-year 2022 results
October 25, 2022	Nine-months 2022 results
March 1, 2023	Full year 2022 results

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