Annual Report 2022

DKSH

Delivering Growth – in Asia and Beyond.

DKSH at a Glance

As a leading Market Expansion Services provider, we deliver growth for companies in Asia and beyond.

Our Business Units

Our Business Units focus on the fields of Healthcare, Consumer Goods, Performance Materials, and Technology, and offer a comprehensive range of Market Expansion Services to business partners in their respective areas.

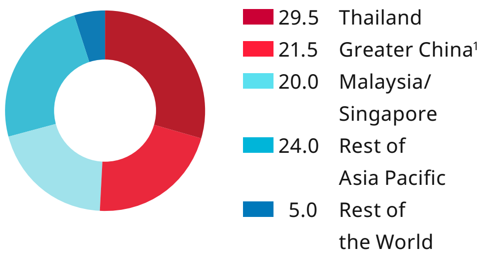
Healthcare
With a product range covering pharmaceuticals, consumer health, and over-the-counter health products, as well as medical devices, we offer services including product registration, marketing and sales, and capillary physical distribution.

Consumer Goods
Focusing on fast moving consumer goods, food services, hotel supplies, and luxury and lifestyle products, our services range from product feasibility studies to sales and marketing, and capillary physical distribution.

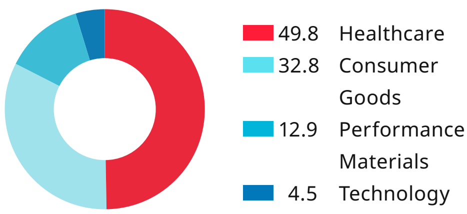
Performance Materials
We source, develop, market, and distribute a wide range of specialty chemicals and ingredients for the specialty chemicals, food and beverage, pharmaceutical, and personal care industries.

Technology
We cover a broad range of capital investment goods and analytical instruments for which we offer marketing, sales, distribution, and after-sales services.

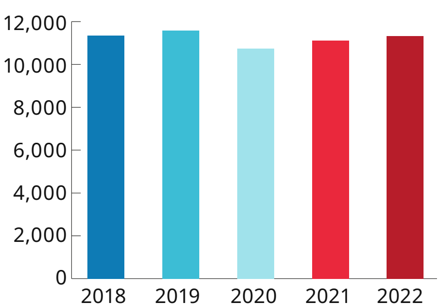
Net sales 2022 by region in %



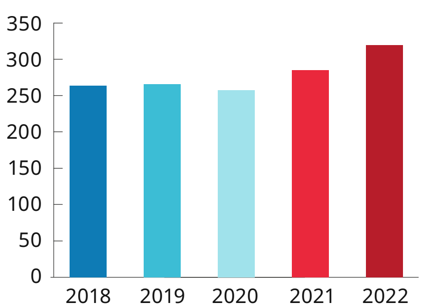
Net sales 2022 by Business Unit in %



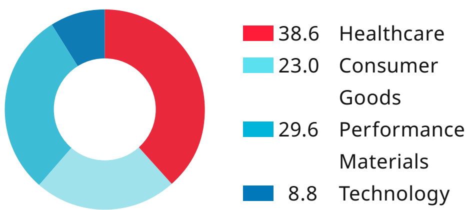
Net sales in CHF million (2018–2022)



EBIT in CHF million (2018–2022)



EBIT 2022 by Business Unit[2] in %



[1] Thereof Mainland China 1.3%.
[2] Excl. Business Unit "Other".

Contents

Letter to Shareholders

Marco Gadola, Chairman, and Stefan P. Butz, CEO

Dear shareholders,

The year 2022 was another challenging year for people around the globe. While pandemic restrictions eased and borders reopened, inflation rates increased, and supply chain constraints remained. Based on the resilience of our business model and our diligent strategy execution, we successfully managed through these challenges, emerged stronger as a company, and continued to fulfill our purpose of enriching people's lives.

We are therefore pleased to report strong results for 2022. Net sales and EBIT both exceed last year's levels. In particular, the EBIT growth of 12.2% (16.6% at constant exchange rates) to CHF 319.2 million enables us to continue our progressive dividend policy by proposing a higher ordinary dividend of CHF 2.15 per share (+4.9%).

EBIT Higher Throughout Pandemic

Our financial track record is a direct result of the advancements we have made in recent years. Throughout the pandemic, we increased EBIT by more than a third at constant exchange rates and improved EBIT margin by more than 50 basis points.

We continuously evolve our company culture to be a modern and attractive organization. The employee engagement score in our most recent survey benchmarks well with leading global multinationals and highlights this shift.

Compared to 2019, our eCommerce net sales have increased three-fold as we further accelerated digital solutions and internal processes.

We have invested in our supply chain infrastructure to make our distribution more sustainable, digital, and automated with the aim of enhancing efficiency and safety.

We also made good progress on our sustainability agenda, and our commitment has been recognized with the internationally renowned EcoVadis Gold Rating. DKSH now ranks among the top 5% of all companies in its industry rated by EcoVadis.

Last, but not least, we closed ten acquisitions in 2022. They add strategic value, expand our geographical footprint, increase our share of value-added services, and enlarge our supplier and customer portfolio. Since 2019, we have accelerated our M&A strategy and closed over 20 acquisitions in total.

All Business Units Improve Performance

These advancements, combined with disciplined strategy execution, are reflected in the fact that all four Business Units report increased performance compared to 2021.

Business Unit Healthcare emerged stronger from the pandemic and recorded organic growth and a double-digit EBIT increase. The EBIT margin improved from 2.3% to 2.6% with higher profitability across key segments. In addition, the Business Unit acquired businesses/trademarks in growth areas, such as Medical Devices and Own Brands.

Backed by its resilient business model, the Unit will continue expanding its market position and driving into higher value segments and services.

The successful transformation of Business Unit Consumer Goods resulted in another year of EBIT growth. The Unit continued benefitting from a more agile structure, product portfolio rationalization, and value-added services. The EBIT margin increased from 2.2% to 2.3%. Net sales remained around last year's level as price increases to reflect inflation and lower market volumes balanced each other out. The Business Unit will continue capitalizing on its position in Asia Pacific to drive growth and profitability.

Business Unit Performance Materials delivered strong net sales growth of 20.2% at constant exchange rates in 2022, supported by business development and industry demand in Europe and Asia Pacific. EBIT reached CHF 112.2 million. Considering M&A-related costs (CHF 3.6 million), translational currency effects (CHF 6.5 million), as well as realized FX and hedging gains (CHF 7.8 million), the underlying result was CHF 130.1 million. DKSH added four acquisitions in Europe, one in Asia, and a distribution platform in North America to build global reach. A scalable business model, business development pipeline, and industry consolidation potential provide future growth opportunities.

Business Unit Technology achieved excellent results in 2022, exceeding pre-pandemic levels. Both net sales and EBIT increased double digit. The business benefitted from investments into Southeast Asia, its focus on key Business Lines, and from the expansion of its consumables and service portfolio. In addition, DKSH acquired DNIV Group, a distributor for the semiconductor and electronics segment in Asia. The Business Unit is determined to solidify its position in key industries in Asia Pacific, to build further resilience, and to focus on higher margin segments and services.

Expansion of DKSH's Board of Directors

On March 16, 2023, DKSH will host its 90th Ordinary General Meeting in Zurich. In addition to the separate re-election of each of the current members, we are pleased to announce that Gabriel Baertschi (Swiss, 1974), will be proposed as a new member of DKSH's Board of Directors. Gabriel Baertschi is currently Chairman of the Corporate Executive Board and CEO of Grünenthal GmbH, Germany, a science-based pharmaceutical company. He has more than 20 years of international experience in the pharmaceutical industry across Asia and Europe, having held various leading regional positions within the AstraZeneca Group.

Capitalizing on our Proven Business Model

Our very good 2022 results and continued strong balance sheet allow us to pursue our M&A strategy, while we remain committed to our progressive dividend policy. Based on an encouraging financial performance, the Board of Directors proposes an ordinary dividend of CHF 2.15 per share to the next Ordinary General Meeting. The proposed dividend represents a CHF 0.10 increase versus last year, or a growth of 4.9%. Pending approval by the next Ordinary General Meeting, the payment date for the dividend is set to start on March 22, 2023 (record date: March 21, 2023; ex-dividend date: March 20, 2023).

Looking ahead, we expect the Group's EBIT in 2023 to be higher than in 2022. This outlook assumes economic growth in Asia Pacific, exchange rates to prevail at current levels, and excludes any unforeseen events. The acquired businesses will contribute to growth in 2023. Our robust business model, large share of daily consumption items, and strong balance sheet provide resilience and offer growth opportunities at the same time. We will continue developing our business through diligent strategy implementation, digitalization, cultural transformation, sustainability, and M&As, while focusing on operational excellence.

We remain confident about Asia Pacific's long-term potential and are well-positioned to benefit from favorable market, industry, and consolidation trends.

We would like to thank all our employees for their great work and commitment as well as all our stakeholders for their continuous trust. We look forward to continuing our cooperation in 2023.

Sincerely yours,

Marco Gadola
Chairman

Stefan P. Butz
CEO

DKSH Share Information

Share Price and Market Capitalization

in CHF	2022	2021
Share price (end of period)[1]	70.20	75.30
High[1]	84.65	77.95
Low[1]	67.80	66.25
Market capitalization in CHF millions (end of period)[1]	4,566	4,898
Dividend per share	2.15[2]	2.05

Share Information

Listing	SIX Swiss Exchange
Ticker symbol	DKSH
ISIN	CH0126673539
Swiss security number	12667353
Category	Registered shares
Number of fully paid registered shares	65,042,963
Par value	CHF 0.10

Significant Shareholders

Shareholdings in %[3]	2022
Diethelm Keller Holding AG, 8008 Zurich, Switzerland	45.0
Black Creek Investment Management Inc., Canada	3.02

[1] Source: SIX Swiss Exchange.
[2] Proposed by the Board of Directors.
[3] For details please see section Significant Shareholders of the Corporate Governance Report.

Key Figures

Consolidated Income Statement				At CER[1]
in CHF millions	2022	2021	Change in %	Change in %
Net sales	11,320.2	11,106.3	1.9	4.5
Operating profit (EBIT)	319.2	284.6	12.2	16.6
Profit after tax	207.6	230.1	(9.8)	(7.5)

Consolidated Statement of Financial Position		
in CHF millions	December 31, 2022	December 31, 2021
Total assets	5,878.7	5,347.4
Equity attributable to the shareholders of DKSH Holding Ltd.	1,758.5	1,808.8
Net operating capital (NOC)	1,837.2	1,489.9
Net cash/(debt)	(42.3)	367.3
Return on net operating capital (RONOC) (in %)	19.2	19.8
Return on equity (ROE) (in %)	11.4	12.4

Earnings per Share		
in CHF	2022	2021
Basic earnings per share	3.09	3.45
Diluted earnings per share	3.09	3.44

Other		
	December 31, 2022	December 31, 2021
Headcount	32,601	33,099
Full-time equivalents	31,077	31,453

[1] Constant exchange rates (CER): 2022 figures converted at 2021 exchange rates.

Sustainability

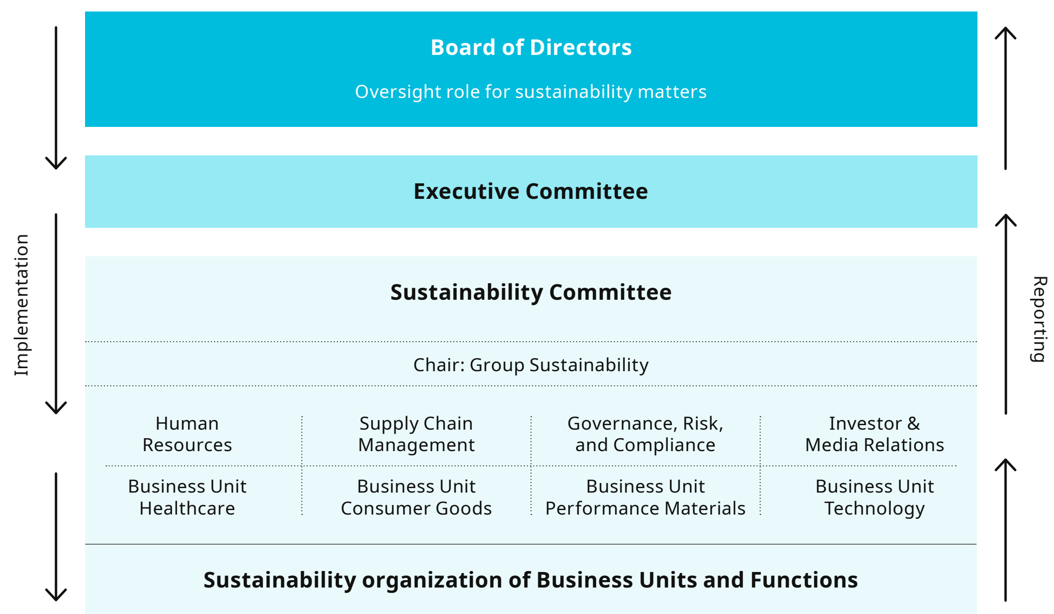
We take responsibility for the environmental, social, and economic impacts of our business activities. Our commitment to creating a sustainable future means we also manage long-term, profitable growth in a responsible manner.

We believe that sustainable value creation goes hand-in-hand with responsible governance and managing the impacts that our activities have on people and the environment. Providing access to markets, people, and products is at the heart of what we do. Creating employment opportunities is also vital. After all, our activities are guided by our purpose of enriching people's lives through our contribution to sustainable development in the markets and communities where we operate.

Sustainability Governance

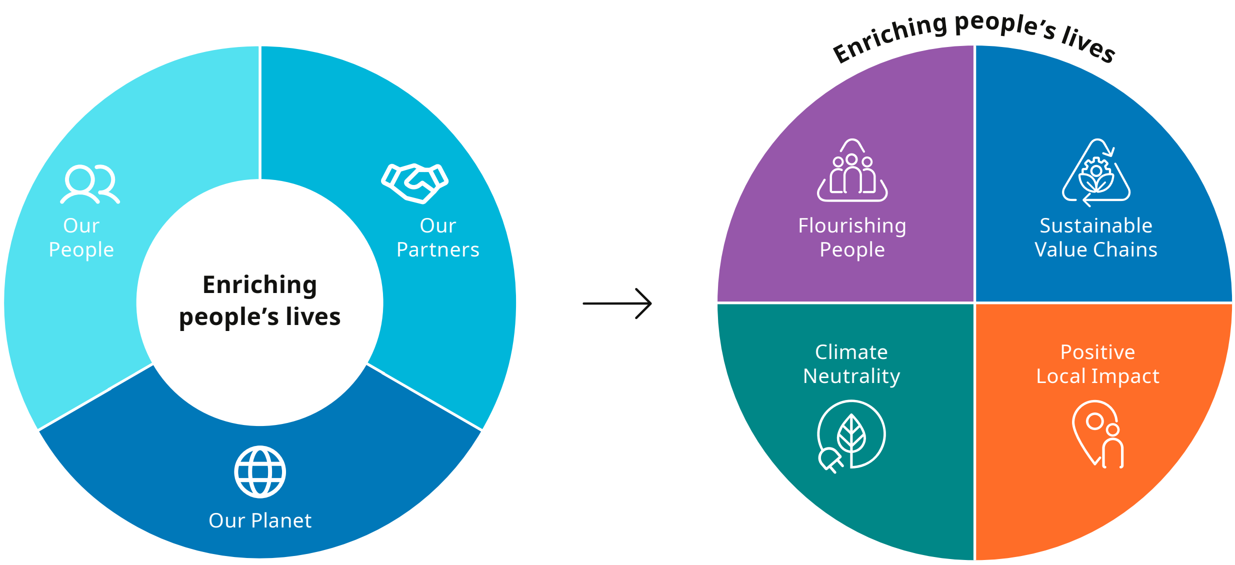
The Board of Directors of DKSH Holding Ltd. governs sustainability by charting the strategic direction for the DKSH Group and overseeing strategy execution. To do so, they are guided by the Group's values, Sustainability Framework as well as by its Sustainability Strategy.

The Executive Committee is tasked with implementing DKSH's Sustainability Strategy together with the Sustainability Committee, which is chaired by Group Sustainability and made up of representatives from the Business Units and Functions. The Sustainability Committee plans, coordinates, monitors, and reports on sustainability initiatives and actions. To create an incentive for members of the Executive Committee to achieve the Group's sustainability targets, DKSH's climate, environmental, social, and governance performance is part of their annual variable pay.



Revised DKSH Sustainability Framework and new Sustainability Strategy

During 2022, we have revised our former Sustainability Framework "Our People-Our Partners-Our Planet" and developed our new Sustainability Strategy. As part of this process, we also made sustainability a focus area in our corporate strategy.



The DKSH Sustainability Framework now reflects the following four objectives of our Sustainability Strategy:

Enable our People to Flourish

We aim to support our employees so that they can fully develop their talents and engagement. To this end, we create various opportunities for our employees' personal and professional advancement, such as trainings and an open feedback culture. We also respect Human Rights and promote diversity and inclusion to create an enabling working environment for all our employees.

Make our Value Chains More Sustainable

We cooperate with our partners in the value chain to drive sustainability. It means procuring products and services responsibly, i.e. in compliance with Human Rights and minimizing the impact on the environment. We are committed to reducing waste.

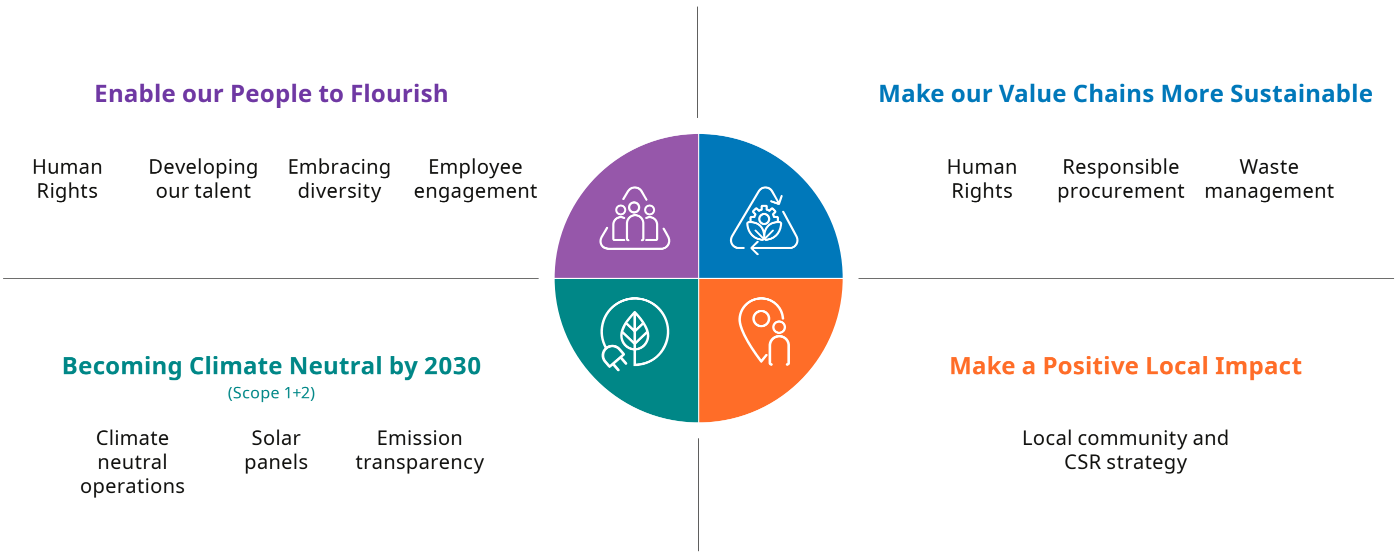
Becoming Climate Neutral by 2030

Our focus is on making our own operations (Scopes 1+2) climate neutral by 2030, creating transparency about emissions, and investing in solar panels. We continue to improve the efficiency of our operations – thereby decreasing the energy and CO2 intensity of our business. This happens, for example, through optimizing transport routes and truck loads. In addition, we focus on energy saving equipment, like LED lighting in our distribution centers.

Make a Positive Local Impact

We aim to further promote our projects benefitting local communities. At the heart of what we do – providing access to markets, people, and products – we are guided by our common purpose of enriching people's lives. Our local community projects are focused on bringing positive impact to the communities where we operate, from alleviating hunger to improving life skills. Our local community projects are actively driven by our colleagues in the respective markets.

Our ambition is for each Business Unit to take a proactive and competitive approach to sustainability.



Sustainability Highlights 2022

Read more about our progress in the next Sustainability Report, which will be published in Q2 2023.

Global Effort to Reduce Product Waste
Partnered with the Global FoodBanking Network to reduce product waste in DKSH's Fast Moving Consumer Goods locations across Asia Pacific

100%
Significant locations engaged in local community activities

Participation in the UN Global Compact
Taking actions that advance societal goals and aligning strategies with universal principles on human rights, labor, environment, and anti-corruption

Achieved EcoVadis Gold Rating
Ranked among the top 5% of companies in our industry rated by EcoVadis

76
Local community projects

74%
Senior managers in our markets with significant operations hired from local communities

Mitigate Climate Change
New Performance Materials distribution center in Thailand with innovative solutions to reduce carbon footprint

Corporate Governance

In overseeing an international company operating in 37 markets, DKSH's Board of Directors has committed itself to maintaining the highest standards of integrity and transparency in its governance.

DKSH Holding Ltd. (the Company) is committed to good corporate governance standards and considers compliance with such standards as indispensable for a sustainable and valuable relationship with its stakeholders and the Group's future success. This Corporate Governance Report contains the information required by the Directive Relating to Information on Corporate Governance of the SIX Swiss Exchange valid as of December 31, 2022, and follows the Directive's structure. The Corporate Governance Report and the Compensation Report also contain the legally required disclosure of compensation and participation rights at the highest corporate level. The principles and rules of Corporate Governance as practiced by the Company are laid down in the Articles of Association and further internal regulations. These are reviewed on a regular basis by the Board of Directors of the Company.

1. Group Structure and Shareholders

Group Structure

Operational Group Structure

The operational structure of the Group corresponds to the segment reporting presented in Note 3 to the Consolidated Financial Statements:

- Healthcare
- Consumer Goods
- Performance Materials
- Technology
- Other (non-Business Unit)

Listed Companies of the Group

The Company, the ultimate holding company of the Group, has its registered office in Zurich, Switzerland, and its shares are listed on the SIX Swiss Exchange, Zurich, according to the Main Standard. On December 31, 2022, the Company's market capitalization amounted to CHF 4,566 million (65,042,963 marketable shares at CHF 70.20 per share).

On December 31, 2022, of the total of the Company's share capital on the closing date:

- the free float consisted of 35,775,233 shares = 55.0%, and
- 91,777 treasury shares

The Company's shares are traded under the symbol "DKSH", the security number is 12667353, and ISIN is CH0126673539.

DKSH Holdings (Malaysia) Berhad, of which the Company holds a 74.31% participation, has its registered office in Petaling Jaya, Malaysia, and its shares are listed on Bursa Malaysia Securities Berhad (Main Market), Malaysia. On December 31, 2022, DKSH Holdings (Malaysia) Berhad's market capitalization amounted to MYR 701.6 million (157,658,076 ordinary shares at MYR 4.45 per share). DKSH Holdings (Malaysia) Berhad shares are traded under the stock name "DKSH", the stock code is 5908, and ISIN is MYL5908OO008.

PT Wicaksana Overseas International Tbk, of which the Company holds a 67.99% participation as of December 31, 2022, has its registered office in Jl. Ancol Barat VII Blok A5 D No. 2, North Jakarta, 14430, Indonesia, and its shares are listed on Indonesia Stock Exchange (Development Board), Indonesia. On December 31, 2022, PT Wicaksana Overseas International Tbk's market capitalization amounted to IDR 548 billion (1,391,304,367 ordinary shares at IDR 394 per share). PT Wicaksana Overseas International Tbk's shares are traded under the stock name "WICO", the stock code is WICO, and ISIN is ID1000066301.

Significant Group Companies

The principal subsidiaries of the Group are disclosed in Note 35 to the Consolidated Financial Statements, including particulars as to the market, name of the company, registered office, share capital and the Group's shareholding in percent. Such list includes the most important subsidiaries of the Group based on (i) net sales, (ii) total assets, and (iii) FTEs.

Significant Shareholders

Under the Swiss Financial Market Infrastructure Act (FinMIA), anyone holding shares in a company listed on the SIX Swiss Exchange is required to notify the company and the SIX Swiss Exchange if their holding reaches, falls below, or exceeds the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 33⅓%, 50%, or 66⅔% of the voting rights entered into the commercial register. Notifications must also include financial instruments, regardless of whether cash or physically settled, constituting a purchase or a sale position. Upon receipt of such notifications, the company is required to inform the public.

Cross-shareholdings

As of December 31, 2022, the Company does not have any cross-shareholdings of a reciprocal 5% of capital or voting rights with any other company.

Significant Shareholders[1]	Shareholdings in %[2]
Diethelm Keller Holding AG, 8008 Zurich, Switzerland[3]	45.0
Black Creek Investment Management Inc. ("Black Creek"), 123 Front Street, Suite 1200, M5J 2M2, Toronto, Ontario, Canada	3.02

1 Information as of December 31, 2022, according to the notification filed with SIX Swiss Exchange until and including December 31, 2022. In addition, information on disclosures by significant shareholders as to the Company under the FinMIA until and including December 31, 2022, can be found on the website of SIX Swiss Exchange under www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/.

2 According to Swiss law, shareholdings must be calculated based on the number of shares reflected in the Company's excerpt of the commercial register at the time the notification is made.

3 By virtue of a shareholders' agreement dated December 6, 2011 (as amended) (relating to the registered shares in DKH Holding AG), 14 members of the families of Andreas W. Keller and Adrian T. Keller constitute the Family Pool. Decisions of the Family Pool, in particular decisions on the voting of the shares in Diethelm Keller Group AG, are delegated to a certain Family Council, consisting of Andreas W. Keller, CH-8126 Zumikon and Adrian T. Keller, CH-8702 Zollikon. The Family Pool's indirect shareholding in DKSH Holding AG is controlled through the Family Pool's controlling stake in Diethelm Keller Group AG, Zurich, Switzerland (in which the Family Pool directly controls 7,650 registered shares, corresponding to 88.34% of the share capital and voting rights in Diethelm Keller Group AG), which in turn owns all outstanding shares and voting rights in DKH Holding AG, Zurich, Switzerland, which in turn owns all shares and voting rights in Diethelm Keller Holding AG, Zurich, Switzerland (which is the direct owner of the shares in DKSH Holding AG).

2. Capital Structure

Share Capital

As of December 31, 2022, the ordinary share capital of the Company amounts to CHF 6,504,296.30 and is divided into 65,042,963 registered shares with a nominal value of CHF 0.10 each.

Authorized Share Capital and Conditional Capital

Authorized Share Capital

As of December 31, 2022, the Company does not have any authorized share capital.

Conditional Share Capital

As of December 31, 2022, the Company's share capital may be increased in the amount of up to CHF 28,253.70 (which would lead to a share capital in the maximum amount of CHF 6,532,550) by issuing up to 282,537 fully paid registered shares with a nominal value of CHF 0.10 each (which would equate to 0.43% of the existing share capital). Such shares may be used for the purpose of employee participation. The Board of Directors determines the issue price as well as the date of the dividend entitlement and resolves on the allocation of the shares pursuant to the relevant participation plan. Shareholders have no pre-emptive rights.

Change in Capital Over the Past Three Years

In addition to the tabular overview, information about changes in the capital during the years 2020 through 2022 is presented in Note 27 to the Consolidated Financial Statements.

Shares and Participation Certificates

As of December 31, 2022, the Company has issued 65,042,963 fully paid-in registered shares with a nominal value of CHF 0.10 each. Except for the treasury shares held by the Company (if any), each share carries one vote (subject to the relevant shareholder being registered in the share register as a shareholder with voting rights), and each share carries a dividend entitlement. As of December 31, 2022, the Company held 91,777 treasury shares.

As of December 31, 2022, the Company has not issued any non-voting equity securities, such as participation certificates (Partizipationsscheine).

Profit Sharing Certificates (Genussscheine)

As of December 31, 2022, the Company has not issued any profit sharing certificates (Genussscheine).

Limitations on Transferability and Nominee Registrations

Each share recorded and registered under a shareholder's name in the share register of the Company entitles its holder to one vote. There are no preferential rights for individual shareholders. There are no voting right restrictions and, consequently, no exceptions were made in 2022.

The shares of the Company are issued as uncertificated securities and registered as intermediated securities. They are included in the SIX SIS clearing system. Transfers of intermediated shares, including the granting of security interests, are subject to the Federal Act on Intermediated Securities (Bucheffektengesetz). The transfer of uncertificated shares is effected by a corresponding entry in the books of a bank or depositary institution following an assignment by the selling shareholder and notification of such assignment to the Company by the bank or depositary institution. The transferee must file a share registration form to be registered in the Company's share register as a shareholder with voting rights. Failing such registration, the transferee may not vote at, or participate in any General Meeting but may still receive dividends and other rights with financial value. The uncertificated shares may be transferred only with the assistance of the bank that administers the book entries of such shares for the account of the transferring shareholder.

Further, shares may be pledged only to the bank that administers the book entries of such shares for the account of the pledging shareholder; in such case, the Company needs to be notified. According to the Articles of Association, a person having acquired shares will be recorded upon request in the Company's share register as a shareholder with voting rights. The Company may refuse to record a person in the share register as a shareholder with voting rights, if such person does not expressly state that he/she has acquired the shares in his/her own name and for his/her own account.

According to the Articles of Association, a person having acquired shares will be recorded upon request in the Company's share register as a shareholder with voting rights. The Company may refuse to record a person in the share register as a shareholder with voting rights, if such person does not expressly state that he/she has acquired the shares in his/her own name and for his/her own account.

Change in Capital Over the Past Three Years	2020	2021	2022
Number of shares, January 1	65,042,963	65,042,963	65,042,963
Share capital in CHF, January 1	6,504,296.30	6,504,296.30	6,504,296.30
Number of shares, change during year	0	0	0
Share capital in CHF, change during year	0	0	0
Number of shares, December 31	65,042,963	65,042,963	65,042,963
Share capital in CHF, December 31	6,504,296.30	6,504,296.30	6,504,296.30

Upon request, fiduciaries/nominees may be entered as shareholders in the share register with voting rights for shares up to a maximum of 3% of the share capital. Shares held by a fiduciary/nominee that exceed this limit may be registered in the share register with voting rights, if such fiduciary/nominee discloses to the Company the name, address, nationality, or registered office and shareholdings of any person or legal entity for whose account it is holding 0.5% or more of the share capital.

Fiduciaries/nominees who are affiliated with other fiduciaries/nominees by means of ownership structure or voting rights or that have a common management or are otherwise affiliated, are deemed one fiduciary/nominee as regards the application of such entry limitations. The Board of Directors may, at its discretion and after questioning a shareholder or nominee who is entered in the share register, remove their entry with retroactive effect as of the date of their entry if this was made based on incorrect information. The affected shareholder or fiduciary/nominee must be notified of the cancelation immediately. Legal entities, partnerships or groups of joint owners, or other groups that are related to one another through capital ownership or voting rights or have a common management or are otherwise interrelated are treated as one single shareholder.

In 2022, no such request was made, and thus no exception was made.

Convertible Bonds and Options

As of December 31, 2022, the Company has not issued any bonds that are convertible into shares, or any warrants or options to acquire shares in the Company.

3. Board of Directors

The following table provides an overview of the Company's Board of Directors (the Board of Directors) as of December 31, 2022[1].

Name	Function	Committee Membership	Director Since	Expiry Date
Marco Gadola	Chairman		2020	2023
Adrian T. Keller	Member Member	Nomination and Compensation Committee Mergers and Acquisitions Committee	2002	2023
Dr. Wolfgang Baier	Member		2019	2023
Jack Clemons	Member Member	Audit Committee Mergers and Acquisitions Committee	2019	2023
Andreas W. Keller	Member		2002	2023
Prof. Dr. Annette G. Köhler	Chair	Audit Committee	2018	2023
Dr. Hans Christoph Tanner	Chair Member Member	Mergers and Acquisitions Committee Audit Committee Nomination and Compensation Committee	2011	2023
Eunice Zehnder-Lai	Chair	Nomination and Compensation Committee	2018	2023

[1] Dr. Frank Ch. Gulich has resigned from the Board of Directors as of March 17, 2022.

Marco Gadola, Chairman

(1963, Swiss)

Marco Gadola has been a member of the Board of Directors of DKSH since January 1, 2020, and Chairman of the Board of Directors since May 2020. He was CEO of the Straumann Group from 2013 until the end of 2019. Previously, he was the Regional CEO of Asia Pacific at Panalpina from 2012 to 2013 and CFO of Panalpina from 2008 to 2012. From 2006 to 2008, he was CFO of Straumann. Before joining Straumann for the first time in 2006, he was CFO of Hero from 2001 to 2006 and before that, worked for Hilti, Sandoz International Ltd., and Swiss Bank Corporation. Marco Gadola is Chairman of the Board of Directors of WS Audiology and Medartis AG, Vice Chairman of the Board of Directors MCH Group AG, as well as a member of the Board of Directors of Straumann Holding AG, AVAG Anlage und Verwaltungs AG, and Tally Weijl Holding AG. He is also a member of the Standortförderungskommission Baselland. Marco Gadola holds a degree in Business Administration and Economics from Basel University, Switzerland, and has completed various programs at the London School of Economics, UK, INSEAD, France, and IMD, Switzerland.

Dr. Wolfgang Baier

(1974, Austrian)

Dr. Wolfgang Baier has been a member of the Board of Directors of DKSH since 2019. He has been the Group CEO of Luxasia, a leading Asian omni-channel beauty distributor and retailer, since August 2016, and has joined the Board of Directors in November 2022. Prior to that, Dr. Wolfgang Baier was the Group CEO of the Singapore Post Group from 2011 to 2016. Previously, he worked for McKinsey & Company in Europe and Asia from 2001 to 2011, as a partner at the Singapore office, leading the Transportation and Logistics area as well as the Operations activities of McKinsey & Company in Southeast Asia. He is also Chairman of the Board of Directors of Tapouts (since January 2021) and a member of the Board of Directors of Asia Retail Concepts (since October 2016), L Beauty (since November 2017), Indosing Distribution (since September 2019), and LEAP Digi-Commerce (since November 2022). Dr. Baier holds a PhD in Law with distinction and a Master's degree in Law from the University of Vienna in Austria as well as a Master's degree in Business Economics from the Universities of Exeter, UK, and Graz, Austria.

Jack Clemons

(1966, Swiss/British)

Jack Clemons has been a member of the Board of Directors of DKSH since 2019 and is currently a member of the Audit Committee, and the Mergers and Acquisitions Committee. He also coordinates the Board's overview in relation to sustainability matters. From 2006 until 2016, Jack Clemons led the Bata Group, a global manufacturer, wholesaler, and retailer of footwear and accessories, as Group CEO and, previously, as Group CFO. Bata has substantial supply chain and sales operations throughout Asia. Before joining Bata, he founded an international consulting business operating in Europe and the US from 2004 to 2006, and was CFO and COO of the Firstream Group, developing digital and physical sales channels for brands throughout Europe, from 2000 to 2004. Prior to that, he was a partner at Deloitte in France and the USA from 1995 to 2000 and led Deloitte's European Technology practice. He worked as an Audit Supervisor at Touche Ross from 1989 until 1993. Jack Clemons has been a non-executive member of the Board of Directors, and member of the Audit Committee of Banque Cantonale Vaudoise (BCV) since 2016, and an advisor to the Board of Directors of Unit8 SA. Furthermore, he is a member of the International Board of Trustees and Chairman of the Audit & Risk Committee of the World Wide Fund for Nature (WWF) since 2017. Jack Clemons holds a Master's degree with honours from Cambridge University, UK, and is a Fellow of the Institute of Chartered Accountants in England and Wales. He also has an MBA from INSEAD, France.

Adrian T. Keller

(1951, Swiss)

Adrian T. Keller has been a member of the Board of Directors of DKSH since 2002 and is currently a member of the Nomination and Compensation Committee and the Mergers and Acquisitions Committee. He was Chairman of DKSH from 2004 until 2017 and again from 2019 to 2020. Since 2000, he has been Vice Chairman of Diethelm Keller Holding Ltd., the anchor shareholder of DKSH. Since 1991, he has been a Board member (and from 1995 on Vice Chairman) of Eduard Keller Holding, which in 2000 became Diethelm Keller Holding Ltd., Zurich. From 1990 to 1995, he was Partner at Global Reach, New York, a private equity and investment firm. Between 1983 and 1990, he was Partner at Hoguet, Keller, Wittmann & Co., New York, a NASD-registered investment advisor and securities brokerage firm. From 1976 until 1983, he worked in international equity sales at Brown Brothers Harriman & Co., New York. In addition to holding various family business-related Board seats, Adrian Keller serves as Vice-Chairman on the Board of Directors of Bergos AG, a Swiss private bank, and is Chairman of Baur & Cie, a family real estate company. He is a Trustee of the Asia Society Global and Co-Chair of the Global Centers Committee, and Chairman of the Asia Society Switzerland Foundation. Beyond that, he serves on the Board of various not-profit organizations. He studied economics at the University of St. Gallen in Switzerland and graduated with an MBA (lic. oec. HSG) cum laude in 1976.

Andreas W. Keller

(1945, Swiss)

Andreas W. Keller has been a member of the Board of Directors of DKSH since 2002. He has been Chairman of the Board of Directors and the Executive Committee of Diethelm Keller Holding Ltd., Zurich, the anchor shareholder of DKSH, since 2000. Prior to the merger of Diethelm & Co. and Edward Keller Ltd. in 2000, he presided over the Boards of Directors of both these companies. From 1985 to 1993, he was a member of the Management Board of Eduard Keller Holding. Before returning to Switzerland in 1985, he served as CEO and Chairman of Diethelm Keller (USA) Ltd. in New York, after having worked at Diethelm & Co., Thailand, from 1976 to 1980. Andreas W. Keller studied law at the University of Zurich (lic. iur.) in Switzerland and graduated from the Program for Management Development (PMD) at Harvard Business School, USA.

Prof. Dr. Annette G. Köhler

(1967, German)

Prof. Dr. Annette G. Köhler has been a member of the Board of Directors of DKSH since March 2018 and currently chairs the Audit Committee. She has been holding a chair in accounting and auditing at the University of Duisburg-Essen since 2005. Previously, she taught accounting and auditing in several universities and has also worked as a research assistant and management consultant. Annette G. Köhler is a member of the Board of Directors, the Governance, Nomination, and Compensation Committee, and Chair of the Audit and Sustainability Committee of ABB E-Mobility Holding AG (since February 2022), a member of the Supervisory Board and Chair of the Audit Committee of Gerresheimer AG (since June 2022), a member of the Supervisory Board and Chair of the Finance and Audit Committee of DMG Mori AG (since May 2017), and a member of the Supervisory Board and Chair of the Audit Committee of GEA Group AG (since October 2020). From 2012 to 2017, she was a member of the International Auditing and Assurance Standards Board (IAASB), New York. Annette G. Köhler holds a Master of Arts in Economics from Wayne State University in Detroit, USA, and a Diploma in Economics and Business Administration from University of Augsburg, Germany. She also holds a PhD from the University of Cologne and a Habilitation from the University of Ulm, Germany.

Dr. Hans Christoph Tanner

(1951, Swiss)

Dr. Hans Christoph Tanner has been a member of the Board of Directors of DKSH since 2011. He currently chairs the Mergers and Acquisitions Committee and is a member of the Audit Committee and the Nomination and Compensation Committee. He is a member of the Board of CureVac NV, Amsterdam, Paion AG, Aachen, Joimax GmbH, Karlsruhe, Life Matrix AG, Zurich, and Qvanteq AG, Zurich. Since March 2017, he has been a member of the Wyss Zurich Evaluation Board. From 2006 until May 2016, he was CFO of Cosmo Pharmaceuticals SA, Luxembourg, from May 2016 to February 2020, Head of Transactions of Cosmo Pharmaceuticals NV, Dublin, and from 2015 to 2020, CFO of Cassiopea SpA, Lainate. From 1998 to 2002, he was with A&A Investment Management and was co-founder and member of the Board of 20 Min Holding and 20 Minuten Schweiz AG. Prior to this, he worked for UBS AG for 21 years, initially as a corporate banker in Madrid, Los Angeles, and Zurich, where he was the Head of Corporate Banking Asia, Australia, Africa and Southern Europe and as such a member of the Global Credit Committee. From 1992 to 1998, he then headed UBS AG's corporate finance and capital market activities in Zurich. Dr. Hans Christoph Tanner holds a degree in Economics (lic. oec. HSG) and a Doctorate in Economics from the University of St. Gallen in Switzerland.

Eunice Zehnder-Lai

(1967, Swiss/Hong Kong)

Eunice Zehnder-Lai has been a member of the Board of Directors of DKSH since March 2018 and currently chairs the Nomination and Compensation Committee. Until November 2018, Eunice Zehnder-Lai was CEO of IPM AG (Institut für Persönlichkeitsorientiertes Management). Previously, she was in the financial services industry for 20 years with LGT Capital Partners, Goldman Sachs, and Merrill Lynch in New York, London, Hong Kong, and Switzerland. She also worked for Procter & Gamble in marketing and brand management as well as for Booz & Co. in strategy consulting. Eunice Zehnder-Lai has been a member of the Board of Directors at Geberit Group (since 2017) and is currently Vice-Chairperson (since 2021). She is also a member of the Board of Directors of Julius Baer Group (since 2019). She is a Trustee of Asia Society Switzerland (since 2016), President of the Board of Trustees of the Friends of Asia Society Switzerland Arts and Culture Foundation (since 2017), and an Asia Society Global Trustee in New York (since 2020). She is a Trustee of Insights for Education (since 2021) and of the Orpheum Foundation for the Advancement of Young Soloists (since 2022). Eunice Zehnder-Lai holds a Master of Business Administration from Harvard Business School and a Bachelor of Arts degree from Harvard University, both in the USA.

Information About Managerial Positions and Significant Business Connections of Non-Executive Directors

All members of the Board of Directors are non-executive. None of the non-executive members has held a management position within the Group during the last three years.

Adrian T. Keller and Andreas W. Keller are members of the Family Pool and Family Council, as described in the section Significant Shareholders and are therefore related to Diethelm Keller Group AG, DKH Holding AG, and Diethelm Keller Holding AG, the Company's major shareholder. The Group entered into certain related party transactions for the purchase and sale of goods and services with Diethelm Keller Holding AG. Furthermore, the Group's Fantree logo is protected and owned by Diethelm Keller Holding AG. The Group is authorized to use such logo pursuant to a license agreement made between the Group company DKSH International AG and Diethelm Keller Holding AG.

No other member of the Board of Directors has any significant business connection with the Company or any other Group company. Therefore, DKSH considers all members as independent, except for Adrian T. Keller and Andreas W. Keller.

Other Activities and Functions

Any activities of the members of the Board of Directors in governing and supervisory bodies of important Swiss and foreign organizations, institutions, and foundations as well as permanent management and consultancy functions for important Swiss and foreign interest groups, and official functions and political posts that are material are stated in the Directors' biographies.

Rules in the Articles of Association on the Number of External Mandates – Permitted External Activities

According to § 24 of the Articles of Association, the members of the Board of Directors may hold a maximum of 15 additional mandates in the supreme governing or administrative bodies of legal entities which are required to be registered in the commercial register or in a comparable foreign register and which are not controlled by the Company or which do not control the Company whereby, no member may hold more than eight such mandates in other listed companies. Mandates in separate legal entities under common control are deemed as one mandate. In the event that the maximum number of mandates is exceeded, the respective member of the Board of Directors must restore the lawful status within six months.

Elections and Terms of Office

Pursuant to § 15 of the Articles of Association and in compliance with the provisions of the Swiss Ordinance against Excessive Compensation in Listed Stock Companies (the Ordinance) which have been integrated into the Swiss Code of Obligations (CO) as of January 1, 2023, all members of the Board of Directors are elected for a term of one year ending upon due completion of the next Ordinary General Meeting. There are no restrictions with respect to the number of terms of service or the age of the relevant members. The elections are carried out at a General Meeting. Each member of the Board of Directors is (re-)elected individually. The year of initial election and expiry of the term of the members of the Board of Directors are shown next to their names in the table at the beginning of section 3.

Internal Organization Structure

Allocation of Tasks Within the Board of Directors

Pursuant to § 8 of the Articles of Association and in compliance with the Ordinance, the Chairman of the Board of Directors and the members of the Nomination and Compensation Committee are directly elected by the Ordinary General Meeting. Other than that, the Board of Directors constitutes itself in accordance with the CO and the Articles of Association. The Board of Directors has established an Audit Committee, a Nomination and Compensation Committee, and a Mergers and Acquisitions Committee (collectively, the Board Committees). The Ordinary General Meeting elects the Chairman, and the Board of Directors elects the members of the Board Committees (other than the members of the Nomination and Compensation Committee, who are elected by the Ordinary General Meeting in compliance with the Ordinance). The Board of Directors also appoints its Secretary (currently, Dr. Laurent Sigismondi, General Counsel of DKSH and Member of the Executive Committee), who does not need to be a member of the Board of Directors. The Chairman presides over the Board of Directors.

Quorum and decision-making of the Board of Directors are determined by the Articles of Association and the Organizational Regulations of the Company. Any internal regulations and policies are reviewed on a regular basis to ensure their continued compliance with the Articles of Association, applicable laws, and good corporate governance. The Articles of Association can be found on the Company's website at: www.dksh.com/global-en/home/investors/annual-general-meeting.

Board Committees

The Board of Directors has established an Audit Committee, a Nomination and Compensation Committee, and a Mergers and Acquisitions Committee.

Audit Committee

The Audit Committee consists of two or more members of the Board of Directors who must be non-executive and independent. Its current members are Prof. Dr. Annette Köhler (Chair), Dr. Hans Christoph Tanner, and Jack Clemons.

The Audit Committee has the following powers and duties in relation to the statutory auditors and Group auditors:

(i) reviewing and assessing the effectiveness of the statutory auditors and the Group auditors, in particular their independence from the Company. In connection therewith, it reviews in particular additional assignments given by the

Company or its subsidiaries. The Audit Committee may issue binding regulations or directives in connection with such additional assignments;
(ii) reviewing and assessing the scope and plan of the audit, the examination process and the results of the audit, and examining whether the recommendations issued by the auditors have been implemented by the Executive Committee;
(iii) reviewing the auditors' reports and discussing their contents with the auditors; and
(iv) approving the terms and conditions of the engagement of the auditors.

Furthermore, it has the following powers and duties in relation to the internal control system (internal audit, risk management, and compliance):

(i) monitoring, reviewing, and assessing the effectiveness of the internal audit function, its professional qualifications, resources, and independence, and its cooperation with external audit;
(ii) approving the annual internal audit plan and the annual internal audit report, including the responses of the management thereto;
(iii) assessing the risk management and the procedures related thereto; and
(iv) assessing the state of compliance with laws, regulations, and internal rules and policies of the Group and the procedures related thereto.

In addition, the Audit Committee reviews, in cooperation with the auditors, the CEO and the CFO, whether the accounting principles and the financial control mechanism of the Company and its subsidiaries are appropriate in view of the size and complexity of the Group.

Furthermore, the Audit Committee has the following powers and duties in relation to the preparation of the financial statements:

(i) reviewing the annual and interim statutory and consolidated financial statements;
(ii) discussing these financial statements with the CFO and, separately, with the Group external auditor for the annual financial statements; and
(iii) making proposals to the Board of Directors with respect to the annual and interim statutory and consolidated financial statements (the responsibility for approving the annual and interim financial statements at the level of the Board of Directors remains with the Board of Directors).

The Audit Committee usually holds five meetings annually. The Chairman of the Board of Directors may take part in the meetings as a guest. Unless otherwise determined by the Audit Committee, the CFO takes part in all meetings, while the Head of Internal Audit is invited as a guest, whenever needed. In 2022, the lead audit partner attended three meetings of the Audit Committee. The Audit Committee's Chairperson reports to the other members of the Board of Directors about the topics discussed in detail and decisions made and/or to be submitted to the entire Board of Directors for approval. For an overview of the number of Audit Committee meetings, the average duration and the average attendance, please refer to the section Work Methods of the Board of Directors and its Board Committees.

Nomination and Compensation Committee

The Nomination and Compensation Committee consists of at least three members of the Board of Directors, of which the majority are non-executive and independent. Since the Ordinary General Meeting 2014, the members of the Nomination and Compensation Committee have been directly elected by the General Meeting for a one-year term. Re-election is possible. In case of vacancies, the Board of Directors shall appoint the substitutes. The Board of Directors designates one member of the Nomination and Compensation Committee as its Chair each year at the first meeting of the Board of Director's after the Ordinary General Meeting. Accordingly, its current members are Eunice Zehnder-Lai (Chair), Dr. Hans Christoph Tanner, and Adrian T. Keller.

In relation to its nomination responsibility, the Nomination and Compensation Committee regularly reviews and makes proposals as to the composition of the Board of Directors and of the Executive Committee, including, but not limited to, making proposals as to vacancies in the Board of Directors and the Executive Committee and as to the appointment and dismissal of members of the Executive Committee.

As to compensation, the Nomination and Compensation Committee has the following duties and responsibilities:

(i) preparing proposals for submission to the Board of Directors on the compensation policy, including the principles for performance-related compensation and the allocation of securities, conversion or option rights, entitlements or other financial instruments for the Board of Directors and the Executive Committee;
(ii) preparing proposals for submission to the Board of Directors on the maximum aggregate compensation for the Board of Directors and the Executive Committee;
(iii) preparing proposals for submission to the Board of Directors on the specific design of the participation plans;
(iv) preparing proposals for submission to the Board of Directors on the specific design of the employment contracts of the members of the Executive Committee and conditions for termination;
(v) preparing proposals for submission to the Board of Directors on the individual compensation of the members of the Executive Committee within the scope of the Articles of Association and subject to approval by the General Meeting, including, but not limited to, the allocation and definition of compensation-relevant performance objectives and further conditions as well as the verification of the fulfillment of conditions or agreed objectives;

(vi) preparing the draft of the annual Compensation Report for submission to the Board of Directors.

In line with the principles described in the Articles of Association, the Nomination and Compensation Committee may be entrusted by the Board of Directors with additional tasks.

To perform its duties, the Nomination and Compensation Committee may also retain the support of independent third parties and remunerate them.

On invitation of the Chairperson, the Nomination and Compensation Committee convenes as often as business requires, but typically two to six times a year. The Board of Directors is informed by the Chairperson of the Nomination and Compensation Committee about all items discussed, in particular, about all decisions made within powers and duties, as described above. For an overview of the number of Nomination and Compensation Committee meetings, the average duration, and the average attendance, please refer to the section Work Methods of the Board of Directors and its Board Committees below.

Mergers and Acquisitions Committee

The Mergers and Acquisitions Committee consists of two or more members of the Board of Directors. Its current members are Dr. Hans Christoph Tanner (Chair), Jack Clemons, and Adrian T. Keller.

The Merger and Acquisitions Committee has the following duties and responsibilities:

(i) preparing proposals for submission to the Board of Directors concerning merger and acquisitions transactions, including the review of such transactions proposed by the CEO;
(ii) preparing proposals for submission to the Board of Directors concerning strategic investment and divestment transactions, including the review of such transactions proposed by the CEO; and
(iii) to propose the assessment of potential acquisitions and mergers.

Work Methods of the Board of Directors and its Board Committees

According to the Organizational Regulations, the Board of Directors must meet regularly and as often as business requires.

Meetings of the Board of Directors are convened by the Chairman of the Board of Directors or, if the Chairman is unable to do so, by another member designated for such purposes by the Board of Directors. The notice of meetings should be given at least ten days in advance to allow the members of the Board of Directors the required preparation time. The Chairman must also convene a meeting of the Board of Directors , generally within fourteen days, if requested to do so by any of its members in writing, by stating the reasons and the items to be placed on the agenda. In addition to the standing Board Committees, the Board of Directors may entrust some or several of its members, as individuals or as members of a Committee, with the duty to prepare and carry out its resolutions or to supervise certain matters. Such members must also keep the Board of Directors duly informed on such entrusted matters. The Board of Directors specifically appoints one member to supervise the Group's approach to Sustainability matters (currently Jack Clemons). The member oversees the work of the management-level Sustainability committee and provides regular updates on progress to the Board of Directors.

The Chairman is, inter alia, in charge of organizing and preparing the meetings of the Board of Directors (including the preparation of the agenda), chairing the meetings, ensuring the flow of information within the Board of Directors and the Group, and coordinating with the CEO the communication with the public.

The Board of Directors consults external experts on specific topics where necessary, which was not the case in 2022. Meetings of the Board of Directors may also be held by telephone conference or in another suitable way. In principle, the Board of Directors may pass resolutions when the majority of its members are present (including participation by telephone conference or in another suitable way).

The following elections, transactions, and issues must be adopted by the Board of Directors by a majority of at least two-thirds of the votes cast:

(i) determination of business policies, long-term planning, and strategy;
(ii) approval of annual planning, financial policies, and the internal control system (ICS);
(iii) submission of consolidated financial statements and dividend proposals to the General Meeting ;
(iv) enactment and amendment of the Organizational Regulations; and
(v) election and removal of the CEO.

All other decisions of the Board of Directors may be adopted by a majority of the votes cast. In case of a tie vote, the Chairman of the relevant meeting has the casting vote. Resolutions on an item may be adopted in writing unless a member of the Board of Directors requests an oral deliberation.

Generally, the Board Committees may pass resolutions when the majority (at least two) of its members are present. Resolutions of the Board Committees are adopted by a majority of the votes cast. In case of a tie, the Chairperson of the relevant Board Committee has the casting vote. Minutes are kept of the discussions and resolutions taken at each of the meetings of the Board of Directors and its Board Committees. The charts on the following two pages provide an overview of the attendance at the meetings of the Board of Directors and of the Board Committees of each member of

Attendance per Board Meeting Through 2022

	February 8[1] 14:30–18:00	March 17[1] 12:15–13:10	May 18 17:00–18:45	May 19 08:30–18:15	July 14[1] 11:00–11:55	September 8[2] 08:00–19:00	September 21 17:30–18:30	December 14 09:00–16:00
Marco Gadola, Chairman	•	•[1]	•	•	•[1]	•	•[1]	•
Dr. Wolfgang Baier	•[1]	•[1]	•	•	-	•	-	09:00-13:00[1]
Jack Clemons	•	•[1]	•	•	•[1]	•	•[1]	•
Dr. Frank Ch. Gulich[3]	•	-	-	-	-	-	-	-
Adrian T. Keller	•	•[1]	•	•	-	•	•[1]	•
Andreas W. Keller	•	•[1]	•	•	•[1]	•	•[1]	-
Prof. Dr. Annette G. Köhler	•	•[1]	•	•	•[1]	•	-	09:00-10:45[1]
Dr. Hans Christoph Tanner	•	•[1]	•	•	•[1]	•	•[1]	•
Eunice Zehnder-Lai	•	•[1]	•	•	•[1]	•	•[1]	•

[1] Via conference call.
[2] In Bangkok.
[3] Resigned from the Board of Directors as of March 17, 2022.

Attendance Executive Committee Members

Stefan P. Butz	•	•[1]	17:00-18:30	08:30-18:00	•[1]	08:00-19:00	•[1]	•
Natale Capri	•	-	-	11:30-12:15	-	14:05-15:05	•[1]	14:10-14:30
Dan Culverhouse[2]	-	-	-	15:05-15:55	-	-	-	-
Hanno Elbraechter	15:45-16:05	12:50-13:00[1]	-	12:15-12:45	-	15:05-16:05	-	-
Stephen Ferraby	-	12:50-13:00[1]	-	14:15-14:45	-	16:35-16:50	•[1]	11:00-11:30[1]
Martin Frech	14:30-18:00	-	17:00-18:30	08:30-17:45	-	08:00-18:05	-	•
Antoine Mangin	-	-	18:00-18:30	16:55-17:40	-	17:05-17:20	-	15:25-15:55
Sam Oh	16:10-16:20	-	-	15:55-16:40	-	16:50-17:05	-	-
Terry Seremetis	-	-	-	09:15-10:15	-	11:05-12:05	-	12:20-13:00[1]
Laurent Sigismondi	•	•[1]	•	08:30-17:45	•[1]	08:00-18:05	•[1]	•
Bijay Singh	-	-	-	10:15-11:15	-	12:05-13:05	-	12:00-13:00[1]
Thomas Sul	-	-	-	11:30-12:15	-	14:05-15:05	•[1]	14:10-14:30
Ido Wallach	•	12:50-13:00[1]	•	08:30-17:45	•[1]	08:00-18:05	•[1]	•

[1] Via conference call.
[2] The employment contract of dan Culverhouse has been terminated as of August 31, 2022.

Attendance per Audit Committee Meeting Through 2022

	February 8 09:15–12:15	May 18 12:30–15:30	July 14[1] 10:00–11:00	September 7[1] 14:30–17:30	December 13 12:45–16:45
Prof. Dr. Annette G. Köhler	•	•	•	•	•
Dr. Hans Christoph Tanner	•	•	•	•	•
Jack Clemons	•	•	•	•	•
Adrian T. Keller (as guest)	09:45-12:15	-	-	-	-
Marco Gadola (as guest)	•	•	-	•	•
Simon Zogg (Lead auditor)	•	•	-	-	•

[1] In Bangkok.

Attendance Executive Committee Members

Stefan P. Butz	•	•	•	•	•
Sam Oh	-	-	10:50-10:55	-	16:00-16:25[1]
Laurent Sigismondi	•	•	•	•	•
Ido Wallach	•	•	•	•	•

[1] Via conference call.

Attendance per Nomination and Compensation Committee Meeting Through 2022

	February 8 12:15 – 13:15	May 18 15:30 – 16:30	September 7[1] 18:25-19:25	December 13 17:00-17:45
Eunice Zehnder-Lai	•	•	•	•
Dr. Frank Ch. Gulich[2]	•	-	-	-
Dr. Hans Christoph Tanner	-	•	•	•
Adrian T. Keller	•	•	•	•
Marco Gadola (as guest)	•	•	•	•

[1] In Bangkok.
[2] Resigned from the Board of Directors as of March 17,2022.

Attendance Executive Committee Members

Stefan P. Butz	•	•	•	•
Antoine Mangin	•[1]	•	•	•[1]
Laurent Sigismondi	-	•	•	•

[1] Via conference call.

Attendance per Merger & Acquisitions Committee Meeting Through 2022

	February 8 08:30-09:15	May 18 16:30-17:00	June 29 17:00-18:00	July 6 16:30-17:15	September 7[1] 17:30-18:25	September 19 15:30-15:55	November 1 14:00-15:00	December 13 12:00-12:55
Dr. Hans Christoph Tanner	•	•	•[2]	•[2]	•	•[2]	•[2]	•
Jack Clemons	•	•	•[2]	•[2]	•	•[2]	•[2]	•
Adrian T. Keller	•	•	•[2]	-	•	•[2]	•[2]	•
Marco Gadola (as guest)	•	•	•[2]	•[2]	•	-	-	•

[1] In Bangkok.
[2] Via conference call.

Attendance Executive Committee Members

Stefan P. Butz	•	•	•[1]	•[1]	•	•[1]	•[1]	•
Natale Capri	-	-	•[1]	-	•	•[1]	-	--
Stephen Ferraby	•[1]	•	•[1]	•[1]	•	•[1]	•[1]	•[1]
Laurent Sigismondi	•	•	•[1]	•[1]	•	•[1]	•[1]	•
Thomas Sul	-	-	•[1]	-	-	•[1]	-	--
Ido Wallach	•	•	•[1]	•[1]	•	•[1]	•[1]	•

[1] Via conference call.

the Board of Directors and of the Executive Committee, and the meeting time in 2022.

Board of Directors and Executive Committee: Areas of Responsibilities

The Board of Directors exercises the ultimate management, supervision, and control over the conduct of the Company's and the Group's business. It represents the Company and resolves all matters that are not reserved or delegated to another body of the Company. In accordance with the Articles of Association and based on the Organizational Regulations of the Company, the Board of Directors has delegated the conduct of the Company's business to the Executive Committee under the leadership of the CEO.

The Board of Directors has the following non-assignable and inalienable duties:

(i) overall management of the Company and issuance of required directives;
(ii) definition of the organizational structure;
(iii) establishment of principles for accounting, financial controlling, and financial planning;
(iv) appointment and removal of the persons entrusted with executive management and representation of the Company, and determination of signatory authorities;
(v) oversight of the persons entrusted with executive management, specifically with regard to compliance with the law, the Articles of Association, regulations and directives;
(vi) preparation of the Annual Report;
(vii) preparation of the Compensation Report and the resolution on the maximum aggregate compensation for annual approval by the General Meeting separately for the Board of Directors and the Executive Committee;
(viii) preparation of the General Meeting and the implementation of its resolutions;
(ix) notification of the courts in the event of over-indebtedness;
(x) resolutions on the determination of capital increases and respective amendments to the Articles of Association.

The Executive Committee, under the leadership of the CEO, is entrusted with all other powers and duties (except the powers attributed to the General Meeting by law and the Articles of Association), including the preparation and implementation of the resolutions of the Board of Directors and the management of the Company and the Group.

The CEO leads the Executive Committee and has, inter alia, the following powers and duties with the right to delegate the performance and implementation of such CEO duties further:

(i) the establishment of a management organization that enables the Group to effectively operate its business in accordance with the strategy approved by the Board of Directors;
(ii) the management and control of the day-to-day business of the Group;
(iii) the issuance of internal rules and regulations for the management – including rules for the organization of the Executive Committee and the preparation, calling and presiding of the meetings of the Executive Committee – and the operations of the Group, to the extent that this is not the responsibility of the Board of Directors;
(iv) the provision of all information and documents necessary to the Board of Directors;
(v) the implementation of the resolutions passed by the Board of Directors or the Board Committees;
(vi) the proposal to the Board of Directors of transactions for its approval or resolution;
(vii) the proposal to the Nomination and Compensation Committee of the appointment and dismissal of members of the Executive Committee;
(viii) the appointment and removal of the top managers other than members of the Executive Committee;
(ix) the implementation of the limits of authority and determination/implementation of amendments thereto, to the extent that such amendments relate to functions directly or indirectly subordinated to the CEO and any material amendments to be subsequently approved by the Board of Directors.

Information and Control Instruments Vis-à-vis the Executive Committee

The Board of Directors recognizes the importance of being fully informed on material matters that may have an impact on the Company and/or the Group. It supervises the Executive Committee and controls and monitors the Executive Committee's and the Group's performance through reporting and controlling processes, and the Board Committees.

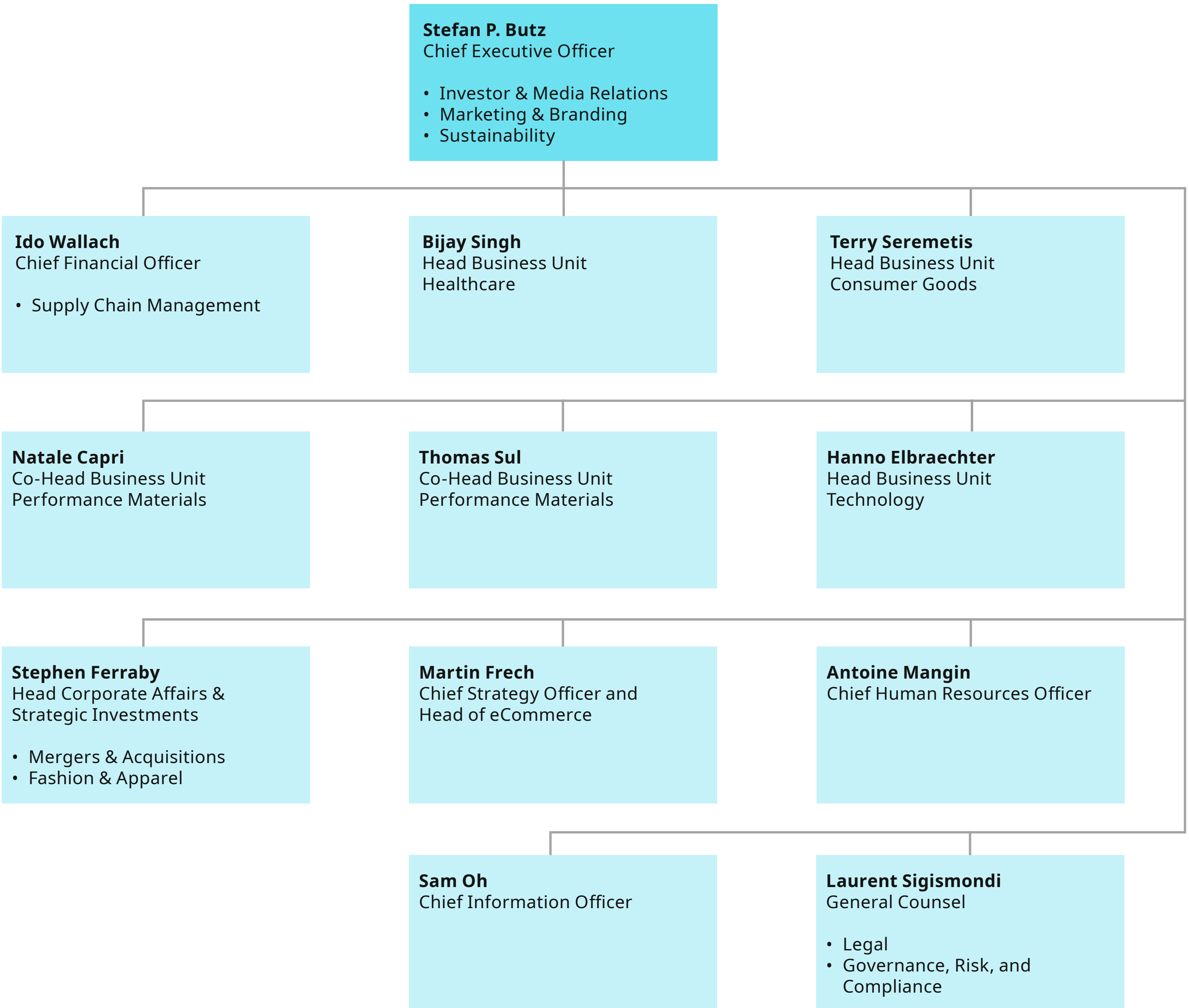
The Board of Directors receives a monthly financial report generated by the Company's management information system. The report comprises consolidated financial information and includes an income statement, statement of financial position, and cash flow statement, including management performance comments by Business Units and communication of key issues. Members of the Executive Committee may attend meetings of the Board of Directors, if required, and the CFO attends meetings of the Audit Committee.

The Audit Committee defines and evaluates the most important risks of the Group in a process based on a detailed risk catalog. As a general principle, risks are assessed, monitored, and mitigated in a decentralized manner where risks originate, i.e. directly in the business or in the various functional streams, such as Finance, Supply Chain, IT, Human Resources (HR), Legal and Compliance. A centralized risk management function actively supports the Audit Committee by focusing on key strategic risks for the Group and its Business Units. These risks are periodically reviewed jointly with the Executive Committee or Business Unit management and reported to the Audit Committee. Additionally, risk management processes are installed in all major market organizations, with a perspective on the local platforms that enable and support the various businesses in a market. Based on the evaluation, a detailed catalog of measures for the most important risks is presented to the Audit Committee in its last meeting of the respective business year, which evaluates the risk matrix resolving a catalog of measures. The most important risks, along with possible measures to prevent and minimize potential damage, are presented to the Board of Directors for consideration and decision making.

Internal Audit, the external auditors, and the Governance, Risk, and Compliance function support the Board of Directors in exercising its supervisory and control functions. The internal audit function reports directly to the Chairman of the Board of Directors and the Audit Committee and comprises auditors who travel on a pan-Asian and European basis, completing audit assignments allocated by the Audit Committee. Internal audit presents update reports in each meeting of the Audit Committee. The compliance function reports to the General Counsel and comprises compliance professionals who develop compliance policies, monitor reports regarding compliance matters, and conduct investigations into compliance matters.

4. Executive Committee

The Executive Committee (Geschäftsleitung) is composed of the following members: The CEO, the CFO, the Business Unit Heads, and the Function Heads (Head Corporate Affairs & Strategic Investments, Chief Strategy Officer & Head of eCommerce, Chief Human Resources Officer, Chief Information Officer, and General Counsel).



Stefan P. Butz, CEO

(1968, German)

Stefan P. Butz joined DKSH as a member of the Executive Committee in January 2017, before becoming CEO in March 2017. From 2013, Stefan P. Butz was the Chief Executive Industry & COO Europe/China with the Intertek Group Plc in London, UK. The company ranks among the leading global enterprises in the worldwide quality assurance industry. He joined Intertek in 2008 as Group Executive Vice President and was initially responsible for setting up its Industry and Assurance division, as well as for Strategy, Mergers & Acquisitions, and Marketing. Before that, he worked at TÜV Süd, one of the world's largest testing, certification, and inspection companies, as Head Corporate Development from 2000, and then from 2002 as CEO & President of the North American operations, headquartered in Boston. Stefan P. Butz began his career as a Management Consultant and worked at Accenture Strategy in Munich for many years. Stefan P. Butz holds a Master's degree in Business Administration (Dipl.-Kfm.) from the University of Bayreuth, Germany. He has also completed executive programs at Harvard and Wharton, both in the USA.

Ido Wallach, CFO

(1975, Israeli/Italian)

Ido Wallach joined DKSH in November 2019 as Vice President Group Controlling, based in Singapore. Since July 1, 2021, he has been Chief Financial Officer (CFO) and Member of the Executive Committee. Ido has more than 20 years of extensive experience in finance and capital markets spanning Europe (including Switzerland), Asia, and North America. Before joining DKSH, he was CFO at Keter from 2016 until 2019 and prior to that, he has held finance leadership positions at L'Oréal (2007-2016), P&G (2002-2006), and EY (1999-2000). Ido holds an MBA from SDA Bocconi School of Management in Milan, Italy, and a Bachelor of Economics from University College London, UK.

Bijay Singh

(1964, Canadian)

Bijay Singh joined DKSH as Vice President, Global Business Development for Business Unit Healthcare in July 2015. He was designated Head Business Unit Healthcare and member of the Executive Committee in July 2017. Bijay Singh has over 25 years of experience in the healthcare industry. From 2004 to 2015, he held various senior positions at Novartis, a leading global Swiss healthcare company. Prior to 2004, he worked in various positions for Eli Lilly in Asia from 1997 to 2003 and in the United States from 1993 to 1996, as well as for two global audit companies between 1987 and 1991. He has lived and worked on four continents and amassed over 15 years of work experience in the healthcare field across Asia. Bijay Singh holds a Bachelor of Business Administration (Hons) from Simon Fraser University, Canada, and a Master's degree in Business Administration from Stanford University, USA.

Terry Seremetis[1]

(1966, Australian)

Terry Seremetis joined DKSH as Head Business Unit Consumer Goods and member of the Executive Committee in August 2019. He is also a member of the Board of Commissioners of Wicaksana Overseas International. Terry has over 30 years of experience in the consumer goods industry. Prior to joining DKSH, he was General Manager South East Asia & Indian Subcontinent for Mars Wrigley from 2012 to 2019 where he held the regional responsibility for 16 countries. He also led Mars Consolidated Distributor Management and Route-to-Market (RTM) best practice in Emerging Markets globally and managed successful transformations for Mars in Europe before moving to Asia. Prior to Mars, Terry held senior positions in several consumer goods companies. He was founder and CEO of a private equity start-up in Brisbane, Australia, from 2008 to 2012 and CEO and Director of a hamper retailer in Australia and New Zealand from 2006 to 2008. Terry has a strong track record in successful business operations, entrepreneurial start-ups, reshaping business models, and accelerating business growth, as well as leading successful business integration in turnaround situations. Terry holds a Diploma in Marketing from the University of Technology, Sydney, Australia.

[1] Terry Seremetis, Head Business Unit Consumer Goods and member of the Executive Committee, will leave the company effective June 30, 2023.

Natale Capri

(1970, Italian)

Natale Capri has been Co-Head Business Unit Performance Materials and a member of the DKSH Executive Committee since November 2013. Natale Capri joined the Milan office of DKSH in 1998 as a Sales Manager for Italy, where from 2001 to 2005, he was responsible for European and American Imaging and Electronic Chemicals. From 2006, he also headed the European Business Line Specialty Chemicals and thereafter, in 2011, became Global Vice President Business Line Specialty Chemicals. Additionally, he held the role of Head DKSH India from 2007 to 2011. Still today, he acts as Managing Director of DKSH Italy. Prior to DKSH, he worked for the Italian chemical Group Lamberti from 1995 to 1998. Natale Capri holds a Master's degree in Organic Chemistry from the Milan University and an MBA from SDA Bocconi School of Management, both in Italy.

Thomas Sul

(1965, German/Dutch)

Thomas Sul has been Co-Head Business Unit Performance Materials and a member of the DKSH Executive Committee since November 2013. He joined DKSH in Germany in 1996 as a Sales Manager in Specialty Chemicals. To this day, he acts as Managing Director of DKSH Germany. From 2003 to 2007, he was a Global Business Line Manager in Specialty Chemicals and thereafter, Vice President Europe. Before that, he worked for Beiersdorf AG as a Market and Product Manager from 1990 to 1996. Thomas Sul is the Deputy President of the German Association for chemical distributors (VCH) and member of the Board of the OstAsienVerein (OAV), where he heads the Philippines Country Board. Thomas Sul holds a Master's degree in Business Administration (Dipl.-Kfm.) from the University of Kiel, Germany.

Hanno Elbraechter

(1980, German)

Hanno Elbraechter has been Head Business Unit Technology and a member of the Executive Committee since September 2014. Before joining DKSH, he spent more than ten years at Deckel Maho Gildemeister (DMG) from 2004 to 2014 and was appointed as CEO Asia of DMG in 2009. He has been a member of the Board of Directors at Datacolor AG since November 2018, and at Rudolph Research Analytical since October 2020. Hanno Elbraechter graduated from the Ecole de Management (ESC) de Bordeaux, France, and University of Applied Sciences Muenster, Germany.

Stephen Ferraby

(1964, Australian)

Stephen Ferraby was appointed Head Corporate Affairs & Strategic Investments and member of the Executive Committee in July 2015. In this function, he manages DKSH's M&A activities. He has been Chairman of DKSH Malaysia, which is listed on the Malaysian stock exchange since May 2017. Stephen Ferraby joined DKSH in 2010 as CFO for DKSH Thailand and was later appointed Head Country Management Team for DKSH Thailand in 2013 and Regional Vice President Finance for eleven markets in 2011. Prior to joining DKSH, he held the position of CFO Asia Pacific at CEVA Logistics from 2008 to 2010 and before that, was CFO and CEO at a private equity-sponsored company from 2006 to 2008. Previously, he spent eleven years from 1995 to 2006 at Exel PLC, six years in the UK, and five years in Singapore and was appointed CFO Asia Pacific in 2001. From 1985 to 1995, he served in the fields of audit, advisory, and corporate finance at Ernst & Young in Australia and the United Kingdom. He is a member of the Board of Directors of aCommerce, where he is part of the Executive Committee and the Nomination and Remuneration Committee. Stephen Ferraby holds a Bachelor's degree in Commerce (First Class) from the University of Birmingham, UK.

Martin Frech

(1973, German/American)

Martin Frech joined DKSH in January 2018 as Vice President Group Strategy and Digital Business. In March 2020, he became Chief Strategy Officer and Head of eCommerce. Martin Frech has played a key part in defining and focusing DKSH's strategic pillars across the company, while at the same time driving growth in the eCommerce business. He has more than 20 years of experience in senior strategy positions in Europe, Asia, and the USA with organizations such as Mondelez International, the Hershey Company, and Accenture. Martin Frech is an Operating Board Executive at AUA Private Equity and a Member of the Board of Directors at aCommerce. He holds a Master's degree in Economics from the Johann Wolfgang Goethe University, Germany, and an MBA majoring in Strategic Management Consulting from the University of Iowa, USA.

Antoine Mangin

(1976, French)

Antoine Mangin has been Chief Human Resources Officer of DKSH since June 2020. As such, he ensures that DKSH's talents and capabilities remain fit for the future, in line with the strategic business direction. He is also responsible for the setup and effectiveness of local market and management teams, evolving DKSH's culture, and for modernizing the employee experience. Antoine Mangin brings more than 20 years of extensive Human Resources experience across Europe and Asia with organizations such as Mars Inc, L'Oréal, and Renault. He holds a Master's degree in Human Resources from the University of Paris and a Bachelor's degree in Political Science from the University of Strasbourg, both in France.

Sam Oh

(1966, Korean/American)

Sam Oh joined DKSH in February 2021 as Chief Information Officer. He has been appointed as a member of the Executive Committee in March 2022. Sam Oh has been pivotal in the further development of the Group-wide digital and IT strategy and accelerated the company's digital transformation. He also oversees DKSH's Corporate Shared Service Center (CSSC), which comprises the global IT hub and Business Process Operations with around 400 employees. Sam Oh brings over 25 years of work experience gained at Tesco, Fujistu, and Dairy Farm International, across Asia and the USA. He holds a Bachelor's degree in Mathematics and Computer Science from the University of California, San Diego, USA.

Laurent Sigismondi

(1976, Swiss/Italian)

Dr. Laurent Sigismondi has been General Counsel and Secretary of the Board of Directors of DKSH Holding Ltd. since March 2015. He has also been a member of the Executive Committee since July 2019. He heads DKSH's Legal and, since July 2019, the Governance, Risk, and Compliance function. Before joining DKSH, Laurent Sigismondi was Head of Corporate Law at Novartis from 2011 to 2015 and Legal Counsel at Holcim from 2008 to 2011. Prior to that, he was an attorney-at-law with international Swiss law firms. Laurent Sigismondi taught Contract Law and Compliance at the Institute of International Business Law of the University of Fribourg. Furthermore, he is a member of the Legal and Competition Commissions of economiesuisse. Laurent Sigismondi was admitted to the Swiss bar in 2004 and holds a PhD in Law (summa cum laude) from the University of Neuchâtel, Switzerland, an Executive MBA from the University of St. Gallen, Switzerland, an LL.M. in International Law from Columbia University, USA as well as an LL.M. in European Law from the College of Europe in Bruges, Belgium.

Other Activities and Functions

Any activities of members of the Executive Committee in governing and supervisory bodies of important Swiss and foreign organizations, institutions, and foundations as well as permanent management and consultancy functions for important Swiss and foreign interest groups, and official functions, and political posts, that are material are stated in each of the managers' biographies.

External Mandates

Pursuant to § 30 of the Articles of Association, the members of the Executive Committee may hold a maximum of seven additional mandates in the supreme governing or administrative bodies of legal entities, which are required to be registered in the commercial register or in a comparable foreign register, and which are not controlled by the Company or which do not control the Company, whereby no member may hold more than three such mandates in other listed companies. Mandates in different legal entities, which are under common control, are deemed as one mandate. In the event that the maximum number of mandates is exceeded, the respective member of the Executive Committee must restore the lawful status within six months.

Management Contracts

The Company has not entered into any management contract with any third party.

5. Compensation

For details regarding the compensation and shareholdings of the members of the Board of Directors and of the Executive Committee, please refer to the Compensation Report.

6. Shareholders' Participation Rights

Voting Right Restrictions and Representation

The voting right may be exercised only if the shareholder (as owner, usufructuary or nominee) is recorded on a specific day (record date) as a voting shareholder in the share register of the Company. Any shareholder with voting rights may be represented by their legal representative, the independent proxy, or, if authorized in writing, by a third party who does not have to be a shareholder. The Company recognizes only one representative per share. The Board of Directors determines the requirements concerning powers of attorney and instructions in accordance with the legal provisions and can issue regulations to this effect. There are no preferential rights for individual shareholders and no voting restrictions. Treasury shares held by the Company do not entitle the holder to vote.

There are no voting right restrictions. Therefore, there are no procedures or conditions for canceling restrictions and no rules on making exceptions to them. Consequently, no such exceptions were made in 2022, provided, however, that for the discharge of the members of the Board of Directors and of the Executive Committee, shareholders who take part in the Company's management in any manner do not have voting rights.

There are no statutory group clauses other than in relation to the rules applicable to nominees. For limitations of transferability and nominee registrations, see section Limitations of Transferability and Nominee Registrations.

Independent Shareholder Representative

The General Meeting elects the Independent Shareholder Representative. Natural or legal persons or partnerships may be elected. The term of office of the Independent Shareholder Representative ends with the closure of the next Ordinary General Meeting. Re-election is possible.

If the Company does not have an Independent Shareholder Representative, or if the Independent Shareholder Representative is not able to perform their duties, the Board of Directors may appoint one for the next or current General Meeting. Unless a shareholder expressly issues an instruction to the contrary, the proxies and voting instructions retain their validity for the new Independent Shareholder Representative.

The Independent Shareholder Representative may be represented at the General Meeting by auxiliary people. They remain entirely responsible for performing their duties. The Independent Shareholder Representative is obliged to exercise the voting rights assigned to them by the shareholders in accordance with their instructions. If they do not receive any instructions, they abstain from voting.

The Board of Directors determines the procedure and the conditions for the assignment of proxies and instructions to Independent Shareholder Representatives in relation to a General Meeting.

The Board of Directors shall ensure that the shareholders have the opportunity to issue to the Independent Shareholder Representative:

(i) voting instructions on any motion concerning agenda items included in the invitation;
(ii) general voting instructions on agenda items that have not been pre-announced and new agenda items pursuant to Art. 700, para. 3 CO;
(iii) proxies and instructions also electronically.

Proxies and instructions may only be given to the Independent Shareholder Representative for the forthcoming General Meeting. The Board of Directors is authorized to waive the requirement for a qualified electronic signature either fully or partially. The general or implied instruction of a shareholder to the Independent Shareholder Representative to vote in favor of the motions of the Board of Directors is permitted. This also applies to motions, which have not been pre-announced in the invitation of the General Meeting.

Statutory Quorums

The General Meeting may pass resolutions regardless of the number of shareholders present or shares represented by proxy. Except where otherwise mandated by law, all resolutions of the General Meeting are passed by an absolute majority of the votes cast, whereby abstentions, blank, and invalid votes are not deemed to be cast.

Convocation of the General Meeting of Shareholders

General Meetings of shareholders are convened by the Board of Directors by way of a notice in the Swiss Official Gazette of Commerce and by way of letters to the shareholders listed in the share register at least 20 calendar days before the relevant meeting. The convocation of a General Meeting may also be requested by one or more shareholders who together represent at least 10% of the share capital.

Inclusion of Items on the Agenda

Shareholders who represent shares of a nominal value of CHF 1.0 million or more may demand that matters be put on the agenda. This request must be submitted to the Board of Directors in writing, along with the respective motions, at least 45 calendar days before the relevant General Meeting.

Registrations in the Share Register

In the invitation to the General Meeting, the Board of Directors states the applicable record date by which shareholders must be registered in the share register to be eligible to participate in and vote at the meeting. In recent years, the Company has set the record date between eleven to sixteen working days before the General Meeting.

7. Change of Control and Defense Measures

Duty to Make an Offer

A purchaser of shares in the Company must submit a public takeover offer, pursuant to the Articles 135 and 163 of the Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (FinMIA) and § 6 of the Articles of Association, if it exceeds the threshold of 49% of the voting rights in the Company (opting-up).

Clauses on Changes of Control

There are no change of control clauses (which would be triggered in the event of a direct or indirect change of control in the Company) in favor of the members of the Board of Directors, the Executive Committee or any other senior manager or officer.

The contracts of employment with the members of the Executive Committee may have a fixed or indefinite term. The maximum duration for fixed-term contracts and the maximum notice period for contracts of an indefinite term shall be twelve months (§ 27 of the Articles of Association).

In case of an ordinary termination, all such members of the Executive Committee would be entitled to the fixed salary throughout the remainder of the applicable termination period. Furthermore, all such members of the Executive Committee may be entitled to annual variable pay, timely prorated, if applicable, in accordance with the principles, as explained in the Compensation Report.

8. Statutory Auditors

Duration of Mandate and Term of Office of the Lead Auditor

The re-election of Ernst & Young AG, Zurich (EY), as the external statutory auditor of the Company as well as the Group auditor for the business year 2022, was confirmed at the Ordinary General Meeting in 2022, with the declaration of acceptance dated March 7, 2022. The appointment of the auditor is for one year and is renewed annually. EY have been the auditors of the Company for twelve years, with Mr. Simon Zogg acting as its Lead Partner since year-end 2019.

Auditing Fees

The fees charged for auditing services for the year 2022 amounted to CHF 2.6 million.

Additional Fees

In addition to the auditing fees mentioned above, the statutory auditors charged an amount of CHF 0.2 million in 2022. This included tax services and other audit-related services in various markets.

Additional Fees EY – 2022	CHF
Tax advisory services	121,550
Other audit-related services	93,565
Total	**215,115**

Informational Instruments Pertaining to an External Audit

The Audit Committee evaluates the performance, fees, and independence of the auditors each year according to the following criteria:

(i) quality of the Management Letter;
(ii) global coverage and coordination of the audit instructions;
(iii) meeting the deadlines required to allow the annual results media release to be published on the scheduled date;
(iv) benchmark analysis of the audit fees; and
(v) independence as defined by relevant rules of the Swiss Federal Act on the Licensing and Oversight of Auditors (AOA).

The Audit Committee discusses and reviews the scope of the audits and the feedback resulting therefrom. Based on this information, it determines changes and improvements as necessary. For further information on the responsibilities of the Audit Committee with respect to the external auditors, please refer to the section Internal Organization Structure.

Audit-related and material non-audit-related services (e.g.

tax services and other consulting services) that are provided by the auditors must be approved in advance by the Audit Committee. In the business year, the auditors had various contacts with members of the Executive Committee and particularly the Chief Financial Officer, whom the auditors met several times during the business year. The purpose of such meetings was to report on selected topics, such as preparation of meetings with the Audit Committee and status updates on half-year review and full-year closing.

In the business year, the auditors attended three meetings with the Audit Committee and other informal meetings to provide status updates on audit matters and the collaboration with the Internal Audit function of the Company to report on the review of the half-year results and the audit of the year-end closing, to assess their own independence and, if required, obtain approvals from the Audit Committee regarding non-audit-related assignments.

9. Information Policy

The Group is committed to ensuring a consistent and transparent information policy that meets the needs of the media, analysts, investors, and other stakeholders. The Company's objective is to provide financial and business information about the Company's and the Group's historical record, current performance, and future prospects that fulfill the best practice standards in reporting. The Company's official publication medium is the Swiss Official Gazette of Commerce (Schweizerisches Handelsamtsblatt).

The Group publishes financial results on a semi-annual basis. The annual results are generally released in February and the half-year results in July.

The Group has established a website at www.dksh.com to ensure a rapid and equitable distribution of information. The Group's website has a section fully dedicated to Investor Relations: www.dksh.com/investors. Media releases, presentations, webcasts, and financial reports are available online under this section.

For the distribution of ad-hoc notices, DKSH maintains push and pull services, in accordance with applicable laws and regulations, accessible on the Company's website at:
www.dksh.com/global-en/home/media/news.

Representatives of the Group also regularly meet with the financial community at media conferences, roadshows as well as one-on-one meetings. A calendar of upcoming events, such as the publication of the annual and half-year results, media conferences, and analyst calls as well as the General Meeting of shareholders is available online at www.dksh.com/financial-calendar.

Management transactions made in 2022 by qualifying members of the Executive Committee or other senior managers, which are required to be disclosed by the Group and published by the SIX Swiss Exchange, may be found at www.ser-ag.com/en/resources/notifications-market-participants/management-transactions.html#/.

The Group acknowledges and complies with the rules regarding information and reporting specified under the Directive on Regular Reporting Obligations for Issuers of Equity Securities, Bonds, Conversion Rights, Derivatives, and Collective Investment Schemes issued by SIX Swiss Exchange.

10. Quiet Periods (General Blackout Periods)

Pursuant to Article 3.5.2 of the Group's Policy on Insider Trading, no Insider[1] shall trade in DKSH Securities[2] (irrespective of whether or not the Insider has Insider Information[3]) during the period beginning ten calendar days before the beginning of any financial reporting period of the Group and ending on (and including) the business day following the public release of financial performance data for such financial reporting period.

Shareholders may direct investor relations inquiries to:

DKSH Holding Ltd.
Wiesenstrasse 8, 8034 Zurich, Switzerland
+41 44 386 72 72
investors@dksh.com

1 "Insider" means each member of DKSH Holding Ltd.'s Board of Directors and the Executive Committee, any other person having a leading position in DKSH Holding Ltd. ("DKSH") or any company controlling or controlled by it and any person with intended access to Insider Information such as persons with a special relationship with DKSH, e.g. its auditors, consultants or attorneys, or any employee or agent of DKSH designated, from time to time, by the Chairman of DKSH's Board of Directors, the Chief Executive Officer, the Head Corporate Affairs & Strategic Investments or the General Counsel of DKSH and each member of the Board of Directors and the executive management of those major shareholders which are represented on the Board of Directors of DKSH.

2 "DKSH Securities" means (i) shares in DKSH or any of its listed subsidiaries, (ii) financial instruments which relate to shares in DKSH or any of its listed subsidiaries as underlying (e.g. conversion, purchase or sale rights including OTC instruments).

3 "Insider information" means confidential, price-relevant information relating to DKSH or any of its group companies.

Compensation Report

DKSH creates a leading organization by consistently attracting, developing, and rewarding the best professionals and specialists within its dynamic and complex business environment.

The Compensation Report provides an overview of DKSH's remuneration principles and programs as well as information about the method of determination of compensation. Further, this report includes details around the compensation of the members of the Board of Directors and of the Executive Committee related to the business year 2022.

This report is written in accordance with the provisions of the Swiss Ordinance against Excessive Compensation in Listed Stock Companies (the Ordinance), the Directive on Information relating to Corporate Governance (DCG) issued by the SIX Swiss Exchange as well as the principles of the Swiss Code of Best Practice for Corporate Governance of economiesuisse.

1. Compensation Governance

Authority for decisions related to compensation are governed by the Articles of Association and the Organizational Regulations of DKSH Holding Ltd.

As determined in the Articles of Association and in the Organizational Regulations of DKSH Holding Ltd., the Nomination and Compensation Committee supports the Board of Directors in the fulfillment of its duties and responsibilities in relation to compensation, including:

(i) preparing proposals for submission to the Board of Directors on the compensation policy, including the principles for performance-related compensation and the allocation of securities, conversion or option rights, entitlements, or other financial instruments for the Board of Directors and the Executive Committee;

(ii) preparing proposals for submission to the Board of Directors on the maximum aggregate compensation for the Board of Directors and the Executive Committee pursuant to § 19 and § 28 of the Articles of Association;

(iii) preparing proposals for submission to the Board of Directors on the specific design of the participation plans pursuant to § 28 of the Articles of Association;

(iv) preparing proposals for submission to the Board of Directors on the specific design of the employment contracts of the members of the Executive Committee and the conditions for termination;

(v) preparing proposals for submission to the Board of Directors on the individual compensation of the members of the Executive Committee within the scope of the Articles of Association and subject to approval by the General Meeting, including, but not limited to, the allocation and definition of compensation-relevant performance objectives and further conditions as well as the verification of the fulfilment of conditions or agreed objectives;

(vi) preparing the draft of the annual Compensation Report for submission to the Board of Directors. In this regard, it shall be noted that due to the revision of the Swiss corporate law effective as of January 1, 2023, the Company proposes an amendment of its Articles of Association to the General Meeting. Amongst others, the Compensation Report shall be submitted to the Ordinary General Meeting for a separate advisory vote going forward.

Tasks	CEO	NCC	Board	AGM
Individual election of the members of the NCC and of the Board of Directors			proposes	approves
Compensation policy and principles, in line with the provisions of the Articles of Association		proposes	approves	
Maximum aggregate amount of compensation for the Board of Directors and for the Executive Committee		proposes	proposes	approves
Individual compensation of members of the Board of Directors		proposes	approves	
Individual compensation of the CEO		proposes	approves	
Individual compensation of the other members of the Executive Committee	proposes	reviews	approves	
Compensation report		proposes	approves	

Performance Management

The actual compensation effectively paid out in a given year to members of the Executive Committee depends on individual as well as the Company's performance. Individual performance is assessed through an annual performance management process: Company and individual performance objectives are approved at the beginning of the business year and achievements against those objectives are assessed after year-end. The performance appraisal is the basis for determination of the actual compensation.

Rules in the Articles of Association on Compensation

As required by law, the Articles of Association of DKSH Holding Ltd. have been revised in 2015 and approved by the shareholders at the Ordinary General Meeting 2015. The Articles of Association include the following provisions on compensation:

(i) Performance-related compensation: The short-term performance-related compensation plans shall be based on performance criteria, which include the performance of the DKSH Group and/or its sub-divisions and/or individual objectives. Achievement of objectives shall be generally measured in the one-year period to which the short-term plan applies. The Board of Directors, assisted by the Nomination and Compensation Committee, determines the performance criteria, the objectives, and the degree of objective achievement. The long-term, performance-related compensation plans shall be based on performance criteria, which relate to DKSH Group's strategic objectives (e.g. financial objectives, innovation, shareholder return, and/or other benchmarks). The achievement of objectives shall be generally measured in three-year periods. The amount of the long-term compensation payout is limited. The long-term performance-related compensation may be paid in cash, in the form of share-based compensation (such as restricted or unrestricted shares, entitlements, or subscription rights on shares) or comparable instruments, in other benefits, or in specie. The Board of Directors, assisted by the Nomination and Compensation Committee, determines the conditions for the design, the definitive entitlement (vesting), the blocking period, and the forfeiture of the compensation granted. These conditions may provide for the extension, accelerated vesting, or other requirements concerning the allocation, acquisition, or forfeiture of rights as a result of certain pre-defined events, such as the termination of the employment or of the mandate. The Board of Directors determines the evaluation criteria for the individual compensation on the basis of the principles applying to the preparation of the Compensation Report.

(ii) Duration of employment contracts, loans, credit facilities, and post-employment benefits: The Company (or companies controlled by it) may enter into contracts with members of the Board of Directors as to their compensation for a fixed term of one year. Similarly, the contracts of employment with the members of the Executive Committee may have a fixed or indefinite term, while the maximum duration for such fixed-term contracts and the maximum notice period for contracts of an indefinite term shall be twelve months. The Company (or its subsidiaries) may, to the extent permissible by law, compensate members of the Board of Directors and of the Executive Committee for any disadvantages resulting from legal proceedings or settlements relating to their activities on behalf of the Company or subsidiaries, advance corresponding payments, and take out relevant insurance policies. Such payments are not deemed to be compensation, loans, or credits. In addition, the Company (and its subsidiaries) may offer members of the Executive Committee retirement benefits (such as pensions, the purchase of health insurance policies, and so forth) outside of the occupational pension scheme and pay these out after their departure. Such retirement benefits outside of the occupational pension scheme may not exceed CHF 850,000 a year. The employment contracts of members of the Executive Committee may provide for post-contractual non-competition undertakings up to a maximum of twelve months, whereby the compensation for non-competition may not exceed the timely pro-rated fixed annual compensation prior to termination.

(iii) Vote on pay: Concerning the approval of compensation amounts by the Ordinary General Meeting, the total amount of compensation for the Board of Directors shall be approved annually by the Ordinary General Meeting in a binding vote for their following term of office, while the maximum amount of compensation of the Executive Committee shall be approved in the same manner for the following financial year. If the Ordinary General Meeting rejects the proposal of the Board of Directors for the maximum aggregate compensation of the Board of Directors and/or of the Executive Committee, the Board of Directors shall decide on how to proceed. In particular, the Board of Directors may convene an Extraordinary General Meeting for the purpose of submitting a new compensation proposal or determine compensation for the current financial year on an interim basis subject to subsequent approval by the next Ordinary General Meeting. The Board of Directors may continue to pay out compensation to the individual members of the Board of Directors or members of the Executive Committee subject to claw-back rights, as may be required by mandatory law. There shall be an additional amount of 30% of the maximum aggregate compensation already approved for the Executive Committee for the relevant compensation period, available for all members of the Executive Committee being appointed after the Ordinary General Meeting, which already resolved the maximum aggregate compensation for the Executive Committee. This additional amount applies separately for each compensation period for which approval has been granted by the Ordinary General Meeting. The Ordinary General Meeting is not required to approve the actual additional amount used. The additional amount may also be used as compensation for disadvantages relating to the change of position (in cash or in the form of share-based compensation) and in the event of promotions within the Executive Committee.

2. Compensation Philosophy and Principles

To ensure DKSH's success in a highly competitive global business environment with a focus on Asia and beyond, it is vital to attract, develop, and retain internationally-oriented, successful, and engaged employees. The compensation principles are designed to:

The ultimate goal of effective compensation is to strengthen the Group's leading industry position for the benefit of the Company's business partners, clients, and customers, while delivering the expected returns to shareholders of the Company.

The Group's compensation philosophy is to attract and retain talents in a highly complex business environment in terms of geography, market development, and culture, by providing overall compensation in line with relevant competitors, however with greater weight given to variable compensation; hence rewarding excellent results with above-market total compensation packages and placing more compensation at risk. This is in line with the compensation principle of linking compensation to performance and rewarding those who contribute most to the operating performance and earning power of the Group.

DKSH regularly reviews the remuneration of its executives, including that of the members of the Executive Committee. This includes regular participation, every two to three years, in benchmark studies on comparable functions in other industrial companies. In 2021, a detailed analysis of the remuneration of the CEO and the other members of the Executive Committee was carried out by an independent external compensation consulting firm, Mercer (Switzerland). This consulting firm has no other mandates from DKSH. The benchmark data was updated referencing to the analysis from 2021, together with other published data, and was used to determine the target remuneration levels of the CEO and other members of the Group Executive Committee for the financial year 2022. While many different factors (such as the individual role, experience in the role and contribution, company performance and affordability) are considered to determine remuneration levels, the policy of DKSH is to provide a target remuneration that is in principle positioned around the market median.

Regarding the remuneration of the Board of Directors, the system and amount are reviewed periodically by the Nomination and Compensation Committee. The remuneration analysis was conducted based on a peer group of industrial companies with comparable market capitalization, sales, and employee numbers.

3. Compensation Components for Members of the Board of Directors

To ensure the independence of the Board of Directors in its supervisory function, the members of the Board of Directors, including the Chairman, are entitled to a fixed base fee for their services, paid in cash (as well as allowances and social security contributions). Each Chair and each member of the Audit Committee, the Nomination and Compensation Committee, and the Mergers and Acquisitions Committee is entitled to an additional committee fee.

in CHF/year, in cash	Chairman	Member
Full Board	750,000	150,000
Audit Committee	75,000	50,000
Nomination and Compensation Committee	50,000	30,000
Mergers and Acquisitions Committee	25,000	25,000

In addition, the members of the Board of Directors are reimbursed (incl. through an allowance) for all reasonable cash expenses that are incurred by them in the discharge of their duties, including expenses for traveling to and from Board meetings, committee meetings and general meetings of the shareholders of the Company. Payments are made in Swiss Francs.

4. Compensation Components for Members of the Executive Committee

The compensation for members of the Executive Committee consists of a fixed element (annual fixed salary), a variable element (annual variable pay and a long-term incentive), and employee benefits. Depending on their role, members of the Executive Committee are currently eligible for the following compensation elements:

(i) annual fixed salary;
(ii) annual variable pay (AVP);
(iii) long-term incentive (LTIP); and
(iv) other employee benefits.

Annual Fixed Salary

The annual fixed salary for each member of the Executive Committee is determined once a year by the Board of Directors upon prior recommendation of the Nomination and Compensation Committee and after prior consultation with the CEO. For this purpose, the market level for the respective position, individual qualifications and experience, and the prevailing local labor market conditions (e.g. for a member of the Executive Committee based in Zurich, Swiss labor market conditions, for those based in Asia, pan-Asian and local labor conditions) are taken into account, together with the overall performance assessment of each member of the Executive Committee.

Annual Variable Pay (AVP)

For members of the Executive Committee, the annual variable pay is directly linked to the achievement of financial, individual, and Environmental, Social and Governance (ESG) Key Performance Indicators (KPIs). Financial KPIs are set, inter alia, on Business Unit level for Earnings before Interest and Taxes (EBIT) and Net Operating Capital (NOC), and on Group level for Return on Net Operating Capital (RONOC, twelve months average) and EBIT. The annual variable pay is derived from these KPIs following a predefined formula that is regularly reviewed by the Nomination and Compensation Committee and determined and approved by the Board of Directors. The KPIs weightings that define the variable compensation for members of the Executive Committee are individually set for each member. For performance achievements below 70% against target, no payout is made. For achievements above 100% of target, the AVP performance factor is based on a 1:2.5 payout curve, whereby a 1% deviation in realization versus target leads to a 2.5% change in payout.

For the CEO and the CFO, the Financial KPI includes Profit After Tax (PAT) and RONOC achievements on Group level. For Business Unit Heads, the Financial KPI includes EBIT and NOC days achievements on Business Unit level (40% to 60%, and 15% to 20%, respectively), and EBIT achievements on Group level (20%). For other Function Heads, the Financial KPI includes 40% to 70% EBIT and NOC days achievements on Group level as well as EBIT and digital sales achievements on Business Unit level. All Executive Committee members' AVP includes ESG KPI achievements of 5%. Individual KPI achievements are 5% for the CEO and CFO, up to 15% for Business Unit Heads, and up to 55% for other Function Heads.

In 2022, the weighted average of all Executive Committee members' Financial KPIs was 81.2%. For Individual KPIs, the weighted average was 13.8%, and for ESG KPIs, it was 5%.

The payout for the AVP is capped at a maximum of CHF 5.0 million for the CEO and at a maximum of CHF 1.5 million for all other members of the Executive Committee. In the business year 2022, the AVP for individual members of the Executive Committee ranged from 9.9% to 49.8% of their total compensation. On average, AVP in 2022 for all members of the Executive Committee was 26.5% of the total compensation. This entrepreneurial approach ensures the alignment of the interests of the CEO and the members of the Executive Committee to create sustainable value for the Company, its shareholders, and its business partners.

Long-Term Incentive Plan (LTIP)

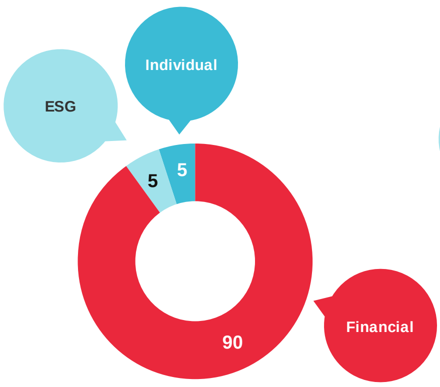
The Long-Term Incentive Plan has been introduced in 2015. Its purpose is to ensure long-term value creation for the Company by providing eligible key managers of the DKSH Group with the possibility to become shareholders of the Company, to participate in the long-term success and prosperity of the DKSH Group, and to further align long-term interests of the key managers and the DKSH Group.

Every business year, a number of performance share units (PSUs) shall be granted to eligible key managers by, and at the full discretion of the Board of Directors; the number of PSUs is individually defined for each key manager. In principle, each PSU is an entitlement to a maximum of 1.5 shares of the Company, provided certain performance targets are achieved during the three-year performance cycle. In case the performance does not reach certain pre-determined thresholds after three years, no shares of the Company will vest under the LTIP. In the performance cycle 2022 to 2024, 98 eligible key managers participate in the LTIP.

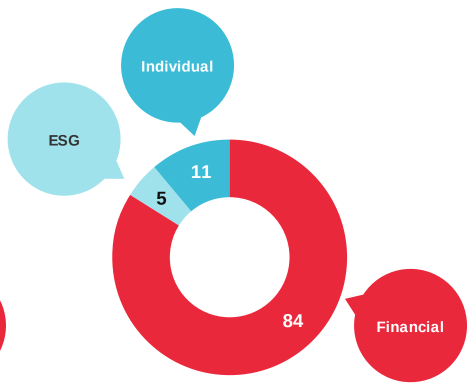
The Company's long-term performance plan for the performance cycle 2022 to 2024 is gauged by a 60% weighting linked to the EBIT of DKSH Group, as reported in the Company's last Annual Report prior to the end of the three-year performance cycle, a 20% weighting linked to the share

Average KPI Weighting for AVP
(in %)

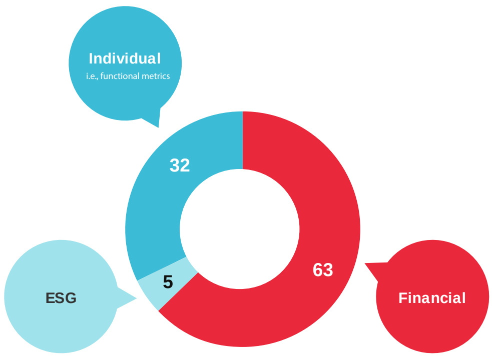
CEO and CFO



Business Unit Heads

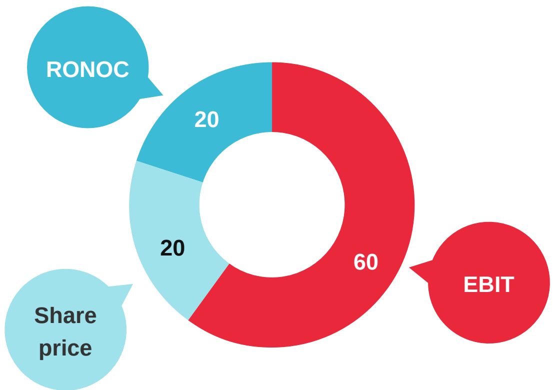


Other Function Heads



price measured as the average of the 20 days' closing share price prior to the end of the three-year performance cycle, and a 20% weighting linked to the RONOC (monthly average) of the DKSH Group in the business year prior to the end of the three-year performance cycle (jointly the Vesting Multiple). At the end of a three-year performance cycle, the number of PSUs vesting shall be calculated by multiplying the number of granted PSUs per key manager with the Vesting Multiple.

Weighted Percentage of LTIP Criteria
(2022 – 2024 Performance Cycle)



Furthermore, shares may be allocated only following the end of a three-year performance cycle subject to pre-determined performance conditions. If a key manager terminates her/his employment contract during a performance cycle or if the employment contract is terminated by the employer for cause, the PSUs shall lapse without any compensation.

If the employment contract of a key manager is terminated due to a key manager's disability, death, early retirement, retirement, or otherwise by DKSH without cause, or if a fixed-term contract expires, the unvested PSUs of the key manager shall be adjusted pro rata based on the number of days elapsed between the first date of the performance cycle and the "date of termination" compared with the full performance cycle, rounded up to the nearest full number of PSUs. The cancelled PSUs shall be deemed forfeited, without any right for compensation, on the date of termination.

In case of death, disability, or retirement, the PSUs that remain outstanding after the pro-rating shall vest on the date of termination, and the Vesting Multiple shall be 1.00. In all other situations, the PSUs that remain outstanding after the pro-rating shall continue to vest pursuant to the original vesting schedule and subject to achievement of the performance targets.

Other Employee Benefits

Other employee benefits are market-specific and structured in accordance with local practice and local legal requirements. The Group regularly reviews its benefit coverage locally and assesses its programs in this area with the support of selected vendors.

Three members of the Executive Committee are covered by the pension scheme applicable to all employees with a Swiss employment contract. In addition, they are covered in a top-up pension scheme. Six members of the Executive Committee are covered under an expatriate offshore pension plan and four members of the Executive Committee are covered by local pension plans in their markets.

5. Compensation Board of Directors and Executive Committee

For the year 2022, the members of the Board of Directors received the following compensation:

in CHF thousands	Function	Director fees (Cash)	Compensation for Committees (Cash)	Allowances/Social Security Contribution[2]	Total[3]
Marco Gadola	Chairman	710[1]	0	51	761
Dr. Wolfgang Baier	Member	150	0	11	161
Jack Clemons	Member	123[1]	75	38	236
Dr. Frank Ch. Gulich (up to March 17, 2022)	Member	38	8	4	50
Adrian T. Keller	Member	150	55	5	210
Andreas W. Keller	Member	150	0	5	155
Prof. Dr. Annette G. Köhler	Member	150	75	5	230
Dr. Hans Christoph Tanner	Member	150	98	5	253
Eunice Zehnder-Lai	Member	127[1]	50	34	211
Total		**1,748**	**361**	**158**	**2,267**

[1] Pension scheme contributions are deducted from the director fees and are included under the column "Allowances/Social Security Contribution".
[2] In compliance with the Ordinance, mandatory employer social security contributions of CHF 27,400, which provide a right to the maximum future insured government benefit, are included. The total mandatory amount paid by the Company or its affiliates to Swiss governmental social security systems is CHF 130,200.
[3] All amounts are gross amounts (i.e. before deduction of social security and income tax due by the members).

For the year 2021, the members of the Board of Directors received the following compensation:

in CHF thousands	Function	Director fees (Cash)	Compensation for Committees (Cash)	Allowances/Social Security Contribution[1]	Total[2]
Marco Gadola	Chairman	750	0	11	761
Dr. Wolfgang Baier	Member	150	0	11	161
Jack Clemons	Member	150	69	11	230
Dr. Frank Ch. Gulich	Member	150	30	11	191
Adrian T. Keller	Member	150	49	11	210
Andreas W. Keller	Member	150	0	11	161
Prof. Dr. Annette G. Köhler	Member	150	75	5	230
Dr. Hans Christoph Tanner	Member	150	69	11	230
Eunice Zehnder-Lai	Member	150	50	11	211
Total		**1,950**	**342**	**93**	**2,385**

[1] In compliance with the Ordinance, mandatory employer social security contributions of CHF 47,700, which provide a right to the maximum future insured government benefit, are included. The total mandatory amount paid by the Company or its affiliates to Swiss governmental social security systems is CHF 143,800.
[2] All amounts are gross amounts (i.e. before deduction of social security and income tax due by the members).

For the year 2022, the members of the Executive Committee received the following compensation:

in CHF thousands	**Stefan P. Butz CEO[1]**	**Other 12 members of the Executive Committee**	**Total[2]**
Fixed Compensation	1,000	3,939	4,939
Annual Variable Pay (AVP) - Cash[3]	1,206	3,002	4,208
Value of performance share units at grant (LTIP)	1,250	3,045	4,295
Allowances	114	1,460	1,574
Pension/Social security contribution[4]	316	550	866
Total	**3,886**	**11,996**	**15,882**

1 Highest individual total compensation in 2022.
2 All amounts are gross amounts (i.e., before deduction of social security and income tax due by the executives). They include the remuneration paid to Sam Oh (04.03.-31.12.2022) and Dan Culverhouse (01.01.-31.08.2022).
3 The Board of Directors decided to adjust the 2021 Profit after tax (PAT) result for certain one-off items when setting the 2022 PAT objectives of the CEO and of the CFO. The 2022 target amount of such PAT objectives was thus set at CHF 194.1 million, which excludes the impact of the gain on sale to aCommerce (CHF 10.3 million), a CHF 34.8 million revaluation gain in aCommerce, and a non-recurring share of loss in associate (CHF -9.1 million).
4 In compliance with the Ordinance, mandatory employer social security contributions of CHF 18,500, which provide a right to the maximum future insured government benefit, are included. The total mandatory amount paid by the Company or its affiliates to Swiss governmental social security systems is CHF 430,500.

For the year 2021, the members of the Executive Committee received the following compensation:

in CHF thousands	**Stefan P. Butz CEO[1]**	**Other 13 members of the Executive Committee**	**Total[2]**
Fixed Compensation	1,000	3,847	4,847
Annual Variable Pay (AVP) - Cash	1,660	3,167	4,827
Value of performance share units at grant (LTIP)[3]	1,426	2,801	4,227
Allowances	106	1,227	1,333
Pension/Social security contribution[4]	298	462	760
Total	**4,490**	**11,504**	**15,994**

1 Highest individual total compensation in 2021.
2 All amounts are gross amounts (i.e., before deduction of social security and income tax due by the executives). They include the remuneration paid to Bernhard Schmitt (01.01.–31.12.2021), Ido Wallach (01.07.–31.12.2021), Dan Culverhouse (01.03.–31.12.2021), Martin Frech (01.03.–31.12.2021), Antoine Mangin (01.03.–31.12.2021), and Michael Hutab (01.01.–28.02.2021).
3 On February 8, 2021, the Board of Directors approved a change in the vesting conditions of the LTIP Performance Cycle 2018–2020 increasing the vesting multiple from 0.50 to 0.65 as an exception due to the impact of the Covid-19 pandemic on the business in 2020. The fair value of the additional shares vested according to such decision amounts to CHF 443,000 (corresponding to 5,990 DKSH shares) and is included in this table.
4 In compliance with the Ordinance, mandatory employer social security contributions of CHF 17,900, which provide a right to the maximum future insured government benefit, are included. The total mandatory amount paid by the Company or its affiliates to Swiss governmental social security systems is CHF 270,800.

Compensation to Former Members of the Board of Directors and the Executive Committee

During 2022, no compensation has been paid to either former members of the Board of Directors or former members of the Executive Committee.

6. Shareholdings of the Board of Directors and the Executive Committee

Participations

The following tables provide information on the ownership of registered shares in the Company by the members of the Board of Directors and by the members of the Executive Committee as of December 31, 2022, and as of December 31, 2021, respectively (the table is identical to the one appearing in Note 6 to the Financial Statements of DKSH Holding Ltd., pursuant to art. 663c CO).

Share Ownership Requirements for Members of the Executive Committee

Each member of the Executive Committee is required to own at least a minimum multiple of his annual fixed salary in DKSH shares or (vested/unvested) DKSH PSUs within three years of hire, promotion, or introduction of this requirement, as follows: CEO 300% of annual fixed salary, CFO 200% of annual fixed salary, all other members of the Executive Committee 100% of the annual fixed salary. In the event of a substantial rise or drop in the share price, the Board of Directors may, at its discretion, amend that time period accordingly. The determination also includes DKSH shares that are owned directly or indirectly by persons closely linked to a member of the Executive Committee. The Nomination and Compensation Committee reviews compliance with the share ownership guideline on an annual basis. During 2022 all members of the Executive Committee fulfilled the share ownership requirements.

Shareholdings by members of the Board of Directors:

Number of shares held	2022	2021
Marco Gadola	9,500	7,000
Dr. Wolfgang Baier	-	-
Jack Clemons	1,000	1,000
Dr. Frank Ch. Gulich (up to March 17, 2022)	n/a	3,066
Adrian T. Keller	58,026	58,026
Andreas W. Keller	18,366	18,366
Prof. Dr. Annette G. Köhler	150	150
Dr. Hans Christoph Tanner	1,166	1,166
Eunice Zehnder-Lai	1,600	1,600
Total	**89,808**	**90,374**

Shareholdings by members of the Executive Committee:

Number of shares held	Shares	Unvested PSUs[1]	2022	2021
Stefan P. Butz	73,213	59,304	132,517	113,815
Bernhard Schmitt[2]	n/a	n/a	n/a	57,009
Natale Capri	10,383	16,756	27,139	22,329
Dan Culverhouse[3]	n/a	n/a	n/a	1,784
Hanno Elbraechter	4,411	4,830	9,241	7,981
Stephen Ferraby	11,849	13,000	24,849	21,061
Martin Frech	3,186	8,230	11,416	8,754
Antoine Mangin	-	12,280	12,280	8,703
Sam Oh (from March 4, 2022)	-	6,064	6,064	n/a
Terry Seremetis	-	10,556	10,556	6,404
Laurent Sigismondi	1,539	5,588	7,127	4,960
Bijay Singh	11,536	18,788	30,324	25,277
Thomas Sul	10,132	14,342	24,474	19,594
Ido Wallach	677	7,475	8,152	2,494
Total	**126,926**	**177,213**	**304,139**	**300,165**

1 Granted unvested PSUs see description of LTIP.
2 The employment contract of Bernhard Schmitt has been terminated as of December 31, 2021.
3 The employment contract of Dan Culverhouse has been terminated as of August 31, 2022.

Stock Ownership Requirements
(multiple of annual fixed salary, in %)

7. Additional Fees, Compensation, and Loans

Apart from the benefits listed in this Compensation Report, no other compensation was provided in the year under review – either directly or via consultancy companies – to the executive and non-executive members of the Board of Directors or to the members of the Executive Committee. In addition, as of December 31, 2022, no loans, advances, or credits had been granted by the Group or by any of its subsidiaries to the members of the Board of Directors, or members of the Executive Committee, respectively.

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To the General Meeting of
DKSH Holding Ltd., Zurich

Zurich, February 8, 2023

Report of the statutory auditor on the audit of the compensation report

Opinion

We have audited the compensation report of DKSH Holding Ltd. (the Company) for the year ended December 31, 2022. The audit was limited to the information on remuneration, loans and advances pursuant to Art. 14-16 of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (Verordnung gegen übermässige Vergütungen bei börsenkotierten Aktiengesellschaften, VegüV) in the tables on pages 40 to 41 and 42 of the compensation report.

In our opinion, the information on remuneration, loans and advances in the compensation report (tables on pages 40 to 41 and 42) complies with Swiss law and Art. 14-16 VegüV.

Basis for opinion

We conducted our audit in accordance with Swiss law 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 compensation report" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, 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.

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 tables on pages 40 to 41 and 42 in the compensation report, the consolidated financial statements, the stand-alone financial statements and our auditor's reports thereon.

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

In connection with our audit of the compensation report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the compensation report 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.

Building a better working world

Board of Directors' responsibilities for the compensation report

The Board of Directors is responsible for the preparation of a compensation report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a compensation report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibilities for the audit of the compensation report

Our objectives are to obtain reasonable assurance about whether the information on remuneration, loans and advances pursuant to Art. 14-16 VegüV is 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 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 this compensation report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the comepensation report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Ernst & Young Ltd

Simon Zogg Licensed audit expert (Auditor in charge)	Olga Semenova ACCA

Management’s Discussion & Analysis

The management review of the Group outlines an in-depth analysis of the financial year 2022 and provides an outlook for DKSH’s future.

Summary

Based on the resilience of our business model and our diligent strategy execution, we are pleased to report strong results for 2022 with all four Business Units reporting increased performance.

Net sales grew by 1.9% to CHF 11.3 billion, EBIT reached CHF 319.2 million, 12.2% higher than the previous year, and Free Cash Flow was CHF 209.5 million. The EBIT margin expanded by more than 25 basis points in an inflationary market environment.

Organic growth is a key growth driver for DKSH that we complement with M&A. In 2022, DKSH successfully closed ten acquisitions (businesses and trademarks).

In Business Unit Healthcare, we purchased the two ear care brands Audisol and Audiplugs from Noru Pharma for selected markets in Asia Pacific, in line with the strategy of expanding our Own Brands business. By the same rationale, we acquired the two pharma brands Myonal and Merislon for nine markets in Asia Pacific. Further expanding in the fragmented medical devices industry in the region, we acquired Acutest Systems, a Malaysian in-vitro diagnostic provider.

In Business Unit Performance Materials, we closed one acquisition in Asia with Right Base Chemicals in China, four acquisitions in Europe – Victa Food in Italy, Refarmed Group in Switzerland, Georg Breuer and JW Food Systems in Germany – and one acquisition in North America, Terra Firma, thereby building our global reach.

In Business Unit Technology, we expanded into the semiconductor distribution business with the acquisition of DNIV in Singapore.

Acquisitions will continue to be a crucial part of our strategy as they provide us with access to attractive business segments and expand our market position across our Business Units.

Another key aspect of our strategy is digitalization. We keep driving digital business models and leveraging data and analytics to increase efficiencies and offer higher service levels to our clients and customers. In addition, based on our proven omni-channel approach, our eCommerce sales have increased three-fold compared to pre-pandemic levels of 2019.

Net Sales and EBIT Above Last Year

Net sales grew by 1.9% to CHF 11.3 billion in 2022 from CHF 11.1 billion in 2021. Organic growth contributed the most with 3.0%, acquisitions added 1.5%, and the impact of exchange rates was -2.6%.

All four Business Units improved their performance. Accordingly, the Group's EBIT margin reached 2.8% compared to 2.6% in 2021 and 2.4% in 2020.

All Business Units Improved Performance

Business Unit Healthcare

Business Unit Healthcare emerged stronger from the pandemic and recorded organic growth and a double-digit EBIT increase. The EBIT margin improved from 2.3% to 2.6% with higher profitability across key segments. In addition, the Unit acquired businesses/trademarks in growth areas, such as Medical Devices and Own Brands. Backed by its resilient business model, the Unit will continue expanding its market position and driving into higher value segments and services.

Business Unit Consumer Goods

The successful transformation of the Business Unit resulted in another year of EBIT growth. The Unit continued benefitting from a more agile structure, product portfolio rationalization, and value-added services. The EBIT margin increased from 2.2% to 2.3%. Net sales remained around last year's level as price increases to reflect inflation and lower market volumes balanced each other out. The Business Unit will continue capitalizing on its position in Asia Pacific to drive growth and profitability.

Business Unit Performance Materials

Business Unit Performance Materials delivered net sales growth of 20.2% at constant exchange rates in 2022, supported by business development and industry demand in Europe and Asia Pacific. EBIT reached CHF 112.2 million. Considering M&A-related costs (CHF 3.6 million), translational currency impacts (CHF 6.5 million), as well as realized FX and hedging gains (CHF 7.8 million), the underlying result was CHF 130.1 million. DKSH added four acquisitions in Europe, one in Asia, and a distribution platform in North America to build global reach. A scalable business model, business development pipeline, and industry consolidation potential provide future growth opportunities.

Business Unit Technology

Business Unit Technology achieved excellent results in 2022, exceeding pre-pandemic levels. Both net sales and EBIT increased double digit. The business benefitted from investments into Southeast Asia, its focus on key Business Lines, and from the expansion of its consumables and service portfolio. In addition, DKSH acquired DNIV Group, a distributor for the semiconductor and electronics segment in Asia. The Business Unit is determined to solidify its position in key industries in Asia Pacific, to build further resilience, and to focus on higher margin segments and services.

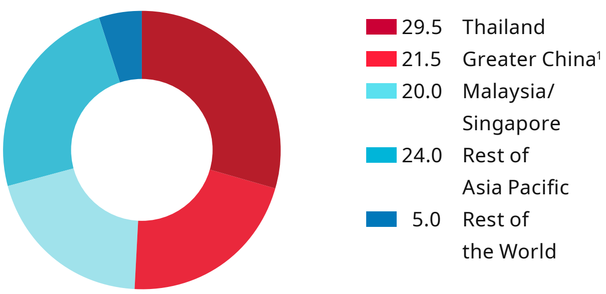
Other (Non-Business Unit)

Other EBIT reached CHF -59.3 million in 2022 from CHF -64.5 million in 2021. These figures reflect costs which have not been allocated to the Business Units.

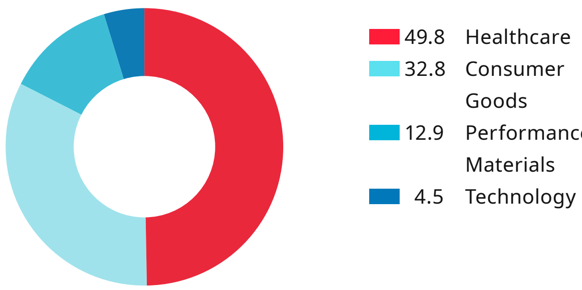
Regional Performance

At constant exchange rates, net sales in DKSH's largest market, Thailand, grew mid-single digit thanks to a slightly improved consumer sentiment and the rebound of the tourism sector. Net sales in the Greater China region slightly declined due to movement restrictions still being in place for some parts of the year. Net sales in Malaysia and Singapore increased mid-single digit. The Rest of Asia Pacific grew high-single digit, and the Rest of the World grew double-digit driven by organic growth as well as M&A contributions.

Net sales 2022 by region in %



Net sales 2022 by Business Unit in %



[1] Thereof Mainland China 1.3%.

Cash Flow Generation

The Free cash flow reached CHF 209.5 million, representing a Cash conversion[3] of 100.6% compared to 134.8% in 2021.

DKSH operates an asset-light business model where distribution centers are typically leased and most of the transportation is outsourced to third parties. Accordingly, Capital expenditures (Capex) remained at a low level of CHF 45.6 million (0.4% of Net sales) in 2022, a similar rate as in 2021 (CHF 55.0 million or 0.5% of Net sales).

Group

in CHF millions	2022	2021	Change in %	At CER[1] Change in %
Net sales	11,320.2	11,106.3	1.9	4.5
Operating profit (EBIT)	319.2	284.6	12.2	16.6

Healthcare

in CHF millions	2022	2021	Change in %	At CER[1] Change in %
Net sales	5,636.9	5,586.3	0.9	3.0
Operating profit (EBIT)[2]	146.2	130.2	12.3	14.9

Consumer Goods

in CHF millions	2022	2021	Change in %	At CER[1] Change in %
Net sales	3,708.7	3,808.3	(2.6)	(0.6)
Operating profit (EBIT)[2]	86.9	83.3	4.3	7.2

Performance Materials

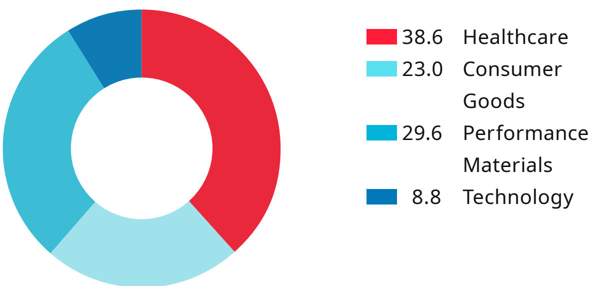
in CHF millions	2022	2021	Change in %	At CER[1] Change in %
Net sales	1,461.4	1,281.4	14.0	20.2
Operating profit (EBIT)[2]	112.2	114.7	(2.2)	3.5

Technology

in CHF millions	2022	2021	Change in %	At CER[1] Change in %
Net sales	513.2	430.3	19.3	22.6
Operating profit (EBIT)[2]	33.2	20.9	58.9	63.2

[1] Constant exchange rates (CER): 2022 figures converted at 2021 exchange rates.
[2] For 2021: Expenses for the Long-Term Incentive Plan (LTIP) are partly reclassified from Other to the four Business Units. Share of profit and loss of associates are reclassified from Business Unit Consumer Goods to Other.
[3] For the definition of Alternative Performance Measures (APM), see DKSH Annual Report 2022, page 49.

EBIT 2022 by Business Unit[2] in %



[2] Excl. Business Unit "Other"

Return on equity (ROE) reached 11.4% (12.4% in 2021 and 9.0% in 2020) and Return on net operating capital (RONOC) was 19.2% (19.8% in 2021 and 18.1% in 2020).

Continued Solid Balance Sheet

DKSH operates a strong and asset-light Balance sheet. Due to the accelerated M&A execution and ten transactions closed in 2022, the Net cash position of CHF 367.3 million by the end of 2021 turned into a moderate leverage of CHF 42.3 million Net debt.

Outlook

Looking ahead, DKSH expects EBIT in 2023 to be higher than in 2022 based on its resilient business model, successful strategy execution, and strong balance sheet. The acquired businesses will contribute to growth in 2023. This outlook assumes economic growth in Asia Pacific, exchange rates at current levels, and barring any unforeseen events. The Group remains confident about Asia's long-term potential and is well-positioned to benefit from favorable market, industry, and consolidation trends.

Definitions and Financial Details

In the Annual Report, media releases, and other communication to external stakeholders, DKSH uses financial performance measures which are not defined by IFRS. These measures are used by management to assess the performance of the Group. Some of these measures, like Operating profit (EBIT), are defined by a reconciliation in the sections of the Annual Report where they appear. The other main alternative performance measures used by DKSH are defined and/or reconciled below.

Organic Growth

Organic growth is the difference between current and previous reporting period excluding Mergers & Acquisitions (M&A) and Foreign exchange effects (FX).

Mergers & Acquisitions

M&A includes the impact of the businesses acquired in the current and previous reporting period.

Foreign Exchange Effects

FX is the difference between current period reported figures at current versus previous period exchange rates.

The reconciliation between Net sales of current and previous reporting period as per Consolidated Income Statement is as follows:

2022 by Business Unit in CHF millions	2022	Organic	M&A	FX	2021
Healthcare	5,636.9	152.7	16.2	(118.3)	5,586.3
Consumer Goods	3,708.7	(32.7)	11.7	(78.6)	3,808.3
Performance Materials	1,461.4	156.0	103.0	(79.0)	1,281.4
Technology	513.2	52.4	44.8	(14.3)	430.3
Group Total	**11,320.2**	**328.4**	**175.7**	**(290.2)**	**11,106.3**
in % of 2021		3.0	1.5	(2.6)	

2021 by Business Unit in CHF millions	2021	Organic	M&A	FX	2020
Healthcare	5,586.3	268.8	17.9	(124.5)	5,424.1
Consumer Goods	3,808.3	58.9	8.2	(86.4)	3,827.6
Performance Materials	1,281.4	150.4	26.1	(3.1)	1,108.0
Technology	430.3	15.9	35.0	(3.1)	382.5
Group Total	**11,106.3**	**494.0**	**87.2**	**(217.1)**	**10,742.2**
in % of 2020		4.6	0.8	(2.0)	

Core Operating Profit (EBIT)

The reconciliation from Operating profit (EBIT), reconciled in the Consolidated Income Statement, to Core operating profit (EBIT) is as follows:

2022 by Business Unit in CHF millions	Operating profit (EBIT)	Gain on sale of intangible assets	Share of result in associates	Core operating profit (EBIT)
Healthcare	146.2	-	-	146.2
Consumer Goods	86.9	-	-	86.9
Performance Materials	112.2	-	-	112.2
Technology	33.2	-	-	33.2
Other/Elimination	(59.3)	-	-	(59.3)
Group Total	**319.2**	**-**	**-**	**319.2**

2021 by Business Unit in CHF millions	Operating profit (EBIT)	Gain on sale of intangible assets	Share of result in associates	Core operating profit (EBIT)
Healthcare[1]	130.2	-	-	130.2
Consumer Goods[1]	83.3	-	-	83.3
Performance Materials[1]	114.7	-	-	114.7
Technology[1]	20.9	-	-	20.9
Other/Elimination[1]	(64.5)	(10.3)	9.1	(65.7)
Group Total	**284.6**	**(10.3)**	**9.1**	**283.4**

[1] 2021 restated.

The gain on sale of intangible assets relates to a gain from strategic sale of the right to perform certain business in specific territories and is included in the Other income in the Consolidated Income Statement.

The non-recurring item is included in the Share of profit and loss of associates and joint ventures in the Consolidated Income Statement.

Core Operating Profit (EBIT) margin

Defined as Core operating profit (EBIT) divided by Net sales.

Core Profit After Tax

The reconciliation from Profit after tax in the Consolidated Income Statement, to Core profit after tax is as follows:

in CHF millions	2022	2021
Profit after tax	207.6	230.1
Non-recurring share of loss in associates	-	9.1
Sale of distributions rights	-	(10.3)
Expense/(Income) from financial instruments	0.7	(34.8)
Core profit after tax	**208.3**	**194.1**

The income/expense from financial instruments is included in the Net finance result in the Consolidated Income Statement.

Free Cash Flow

The reconciliation from Net cash flows from operating activities in the Consolidated Cash Flow Statement to Free cash flow is as follows:

in CHF millions	2022	2021
Net cash flows from operating activities	321.9	393.2
Repayment leases	(66.8)	(76.6)
Purchase of property, plant and equipment	(36.6)	(44.8)
Purchase of intangible assets	(48.3)	(10.2)
Purchase trademarks/licences	39.3	-
Free cash flow	**209.5**	**261.6**

Cash Conversion

Cash conversion is calculated as Free cash flow as percentage of Core profit after tax:

in CHF millions	2022	2021
Free cash flow	209.5	261.6
Core profit after tax	208.3	194.1
Cash conversion	**100.6%**	**134.8%**

Net Operating Capital (NOC)

Net operating capital is the capital invested in the business and is calculated from the Consolidated Statement of Financial Position as follows:

in CHF millions	2022	2021	2020
Total assets	5,878.7	5,347.4	5,118.0
Financial assets	(31.4)	(29.2)	(68.5)
Cash and cash equivalents	(636.4)	(673.7)	(680.8)
Total liabilities	(4,052.4)	(3,461.0)	(3,318.4)
Current borrowings	155.3	204.3	121.2
Non-current borrowings	523.4	102.1	217.4
Net operating capital (NOC)	**1,837.2**	**1,489.9**	**1,388.9**

Return on Net Operating Capital (RONOC)

Return on net operating capital is calculated from the Consolidated Income Statement and the Consolidated Statement of Financial Position as follows:

in CHF millions	2022	2021	2020
Operating profit (EBIT)	319.2	284.6	-
Net operating capital (NOC)	1,837.2	1,489.9	1,388.9
Average NOC current and previous period	1,663.6	1,439.4	-
Return on net operating capital (RONOC)	**19.2%**	**19.8%**	**-**

Return on Equity (ROE)

The Return on equity is calculated from the Consolidated Income Statement and the Consolidated Statement of Financial Position as follows:

in CHF millions	2022	2021
Profit attributable to the shareholders of DKSH Holding Ltd.	201.1	223.9
Equity attributable to the shareholders of DKSH Holding Ltd.	1,758.5	1,808.8
Return on equity (ROE)	**11.4%**	**12.4%**

Equity Ratio

The Equity ratio is calculated from the Consolidated Statement of Financial Position as follows:

in CHF millions	2022	2021
Total equity	1,826.3	1,886.4
Total assets	5,878.7	5,347.4
Equity ratio	**31.1%**	**35.3%**

Net Cash/(Debt)

The reconciliation from Cash and cash equivalents in the Consolidated Statement of Financial Position to Net cash/(debt) is as follows:

in CHF millions	2022	2021
Cash and cash equivalents	636.4	673.7
Current borrowings	(155.3)	(204.3)
Non-current borrowings	(523.4)	(102.1)
Net cash/(debt)	**(42.3)**	**367.3**

Consolidated Financial Statements DKSH Group

Consolidated Income Statement

in CHF millions[1]	Notes	2022	2021
Net sales	4	11,320.2	11,106.3
Other income	5	32.1	33.3
Goods and materials purchased and consumables used		(9,625.4)	(9,469.3)
Employee benefit expenses	6	(775.5)	(738.3)
Depreciation and amortization	15/17/18	(126.5)	(128.2)
Other operating expenses	7	(505.6)	(513.3)
Share of profit and loss of associates and joint ventures	19/20	(0.1)	(5.9)
Operating profit (EBIT)		**319.2**	**284.6**
Financial income	8	2.4	35.9
Financial expense	8	(36.8)	(15.6)
Loss on sale of shareholdings	19	(0.1)	-
Profit before tax		**284.7**	**304.9**
Income tax expenses	9	(77.1)	(74.8)
Profit after tax		**207.6**	**230.1**
Attributable to			
Shareholders of DKSH Holding Ltd.		201.1	223.9
Non-controlling interest		6.5	6.2
Earnings per share for profit attributable to the shareholders of DKSH Holding Ltd.			
Basic earnings per share	28	3.09	3.45
Diluted earnings per share	28	3.09	3.44

[1] Except for earnings per share (in CHF).

Consolidated Statement of Comprehensive Income

in CHF millions	2022	2021
Profit after tax	**207.6**	**230.1**
Other comprehensive income		
Currency translation differences	(81.6)	(29.4)
Items that may be reclassified to profit or loss	**(81.6)**	**(29.4)**
Remeasurements on defined benefit plans, net of tax of CHF 4.0 million in current and CHF 1.6 million in prior period	(14.9)	4.7
Net losses on equity instruments at fair value through other comprehensive income, net of tax of CHF 0.1 million in current and CHF 0.0 million in prior period	(0.4)	(0.2)
Items that will not be reclassified to profit or loss	**(15.3)**	**4.5**
Other comprehensive income	**(96.9)**	**(24.9)**
Total comprehensive income	**110.7**	**205.2**
Attributable to		
Shareholders of DKSH Holding Ltd.	107.6	199.2
Non-controlling interest	3.1	6.0

Consolidated Statement of Financial Position

in CHF millions at December 31	Notes	2022	2021
Cash and cash equivalents	10	636.4	673.7
Trade receivables	11	2,030.9	2,049.1
Inventories	13	1,277.3	1,164.4
Prepaid expenses and contract assets	14	25.0	31.7
Other receivables	16	365.6	348.6
Current income tax receivables		32.7	30.2
Assets classified as held for sale	19	18.0	-
Current assets		**4,385.9**	**4,297.7**
Intangible assets	15	825.4	394.8
Property, plant and equipment	17	154.6	155.6
Right-of-use assets	18	317.4	273.9
Financial assets	12	31.4	29.2
Investments in associates and joint ventures	19/20	99.3	119.3
Retirement benefit assets	26	10.9	29.8
Deferred tax assets	21	53.8	47.1
Non-current assets		**1,492.8**	**1,049.7**
Total assets		**5,878.7**	**5,347.4**
Borrowings	22	155.3	204.3
Lease liabilities	18	66.1	60.5
Trade payables		2,233.2	2,212.6
Current income tax liabilities		52.8	45.3
Other payables, accrued expenses and contract liabilities	23	588.7	533.7
Current provisions	24	2.3	2.6
Current liabilities		**3,098.4**	**3,059.0**
Borrowings	22	523.4	102.1
Lease liabilities	18	267.8	220.2
Other non-current liabilities		100.5	15.5
Deferred tax liabilities	21	27.0	26.3
Non-current provisions	24	6.7	7.9
Retirement benefit obligations	26	28.6	30.0
Non-current liabilities		**954.0**	**402.0**
Total liabilities		**4,052.4**	**3,461.0**
Share capital		6.5	6.5
Reserves and retained earnings		1,752.0	1,802.3
Equity attributable to the shareholders of DKSH Holding Ltd.		**1,758.5**	**1,808.8**
Non-controlling interest		**67.8**	**77.6**
Total equity		**1,826.3**	**1,886.4**
Total equity and liabilities		**5,878.7**	**5,347.4**

Consolidated Statement of Changes in Equity

in CHF millions	Share capital	Treasury shares[1]	Currency translation	Other reserves	Retained earnings	Total equity attributable to shareholders of DKSH Holding Ltd.	Non-controlling interest	Total equity
As of January 1, 2021	**6.5**	**(1.1)**	**(243.0)**	**234.2**	**1,741.8**	**1,738.4**	**61.2**	**1,799.6**
Profit after tax	-	-	-	-	223.9	223.9	6.2	230.1
Other comprehensive income	-	-	(29.2)	-	4.5	(24.7)	(0.2)	(24.9)
Total comprehensive income	**-**	**-**	**(29.2)**	**-**	**228.4**	**199.2**	**6.0**	**205.2**
Change in ownership[2]	-	-	-	-	-	-	14.3	14.3
Purchase of treasury shares	-	(7.3)	-	-	-	(7.3)	-	(7.3)
Vested share-based payment awards	-	3.4	-	-	(3.4)	-	-	-
Share-based payments	-	-	-	-	5.3	5.3	-	5.3
Dividend	-	-	-	-	(126.8)	(126.8)	(3.9)	(130.7)
As of December 31, 2021	**6.5**	**(5.0)**	**(272.2)**	**234.2**	**1,845.3**	**1,808.8**	**77.6**	**1,886.4**
Profit after tax	-	-	-	-	201.1	201.1	6.5	207.6
Other comprehensive income	-	-	(78.2)	-	(15.3)	(93.5)	(3.4)	(96.9)
Total comprehensive income	**-**	**-**	**(78.2)**	**-**	**185.8**	**107.6**	**3.1**	**110.7**
Change in ownership[3]	-	-	-	-	-	-	31.7	31.7
Purchase of treasury shares	-	(6.3)	-	-	-	(6.3)	-	(6.3)
Vested share-based payment awards	-	4.3	-	-	(4.3)	-	-	-
Share-based payments	-	-	-	-	5.4	5.4	-	5.4
Dividend	-	-	-	-	(133.2)	(133.2)	(0.9)	(134.1)
Changes related to put options for non-controlling interests	-	-	4.3	-	(28.1)	(23.8)	(43.7)	(67.5)
As of December 31, 2022	**6.5**	**(7.0)**	**(346.1)**	**234.2**	**1,870.9**	**1,758.5**	**67.8**	**1,826.3**

1 Treasury share transactions (Note 27).
2 Relates to the acquisition of Hahn Healthcare (Note 30).
3 Principally relates to the acquisition of Terra Firma (Note 30).

Consolidated Cash Flow Statement

in CHF millions	Notes	2022	2021
Profit before tax		**284.7**	**304.9**
Non-cash adjustments			
Depreciation and amortization on			
Property, plant and equipment	17	30.7	32.0
Intangible assets	15	18.4	16.6
Right-of-use assets	18	77.4	79.6
Rent concessions COVID-19	18	(0.4)	(1.0)
Share-based payment transaction expense	29	5.4	5.3
Gain/Loss on sale of tangible assets and intangible assets	5/7	(1.4)	(10.6)
Financial income	8	(2.4)	(35.9)
Financial expense	8	36.8	15.6
Share of profit and loss of associates and joint ventures	19/20	0.1	5.9
Loss on sale of shareholdings	19	0.1	-
Change in provisions and other non-current liabilities		(6.4)	(2.3)
Change in other non-current assets		(3.9)	4.1
Working capital adjustments			
(Increase)/decrease in trade and other receivables and prepayments		4.2	(51.2)
(Increase)/decrease in inventories		(132.6)	(4.6)
Increase/(decrease) in trade and other payables		113.2	125.9
Interest received		2.4	1.1
Interest paid		(24.9)	(21.4)
Income taxes paid		(81.7)	(73.8)
Dividend received from associates and joint ventures		2.2	3.0
Net cash flows from operating activities		**321.9**	**393.2**
Proceeds from sale of property, plant and equipment		4.3	4.6
Purchase of property, plant and equipment		(36.6)	(44.8)
Purchase of intangible assets[1]		(48.3)	(10.2)
Proceeds from repayment of loan		-	2.8
Convertible loans granted	12	-	(8.8)
Proceeds from sale of financial assets		1.1	-
Acquisition of subsidiaries net of cash	30	(433.6)	(91.5)
Net cash flows from/used in investing activities		**(513.1)**	**(147.9)**

in CHF millions	Notes	2022	2021
Proceeds from current and non-current borrowings	22	961.8	522.9
Repayment of current and non-current borrowings	22	(574.6)	(547.9)
Repayment leases	18	(66.8)	(76.6)
Capital increase non-controlling interest		1.3	-
Dividend paid	27	(133.2)	(126.8)
Dividend paid to non-controlling interest		(0.9)	(3.9)
Net payments for net investment hedges		0.7	0.1
Purchase of treasury shares	27	(6.3)	(7.3)
Net cash flows from/used in financing activities		**182.0**	**(239.5)**
Cash and cash equivalents, as of January 1		**673.7**	**680.8**
Effect of exchange rate changes		(28.1)	(12.9)
Net increase/(decrease) in cash and cash equivalents		(9.2)	5.8
Cash and cash equivalents, as of December 31		**636.4**	**673.7**

[1] Includes payments of CHF 39.3 million relating to the acquisition of trademarks (Note 15).

Notes to the Consolidated Financial Statements

1. General Information

DKSH (the "Group") is a Market Expansion Services Group with a focus on Asia. DKSH helps other companies and brands to grow their business in new or existing markets with 31,077 specialized staff (2021: 31,453).

The Group offers any combination of sourcing, market insights, marketing and sales, eCommerce, distribution and logistics as well as after-sales services. It provides business partners with expertise as well as on-the-ground logistics based on a comprehensive network of unique size and depth.

Business activities are organized into four specialized Business Units that mirror the Group's fields of expertise: Healthcare, Consumer Goods, Performance Materials and Technology.

DKSH Holding Ltd. is the parent company of DKSH Group. Since March 20, 2012, DKSH Holding Ltd.'s shares are listed on the SIX Swiss Exchange. The address of its registered office is Wiesenstrasse 8, 8008 Zurich, Switzerland.

The consolidated financial statements of the Group as of December 31, 2022, were approved by the Board of Directors on February 8, 2023, and are subject to approval by the Ordinary General Meeting of shareholders on March 16, 2023.

2. Accounting Policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below:

Basis of Preparation
The consolidated financial statements are prepared in accordance with and comply with International Financial Reporting Standards (IFRS). The financial statements have been prepared on an accrual basis and under the historical cost convention, as modified by the revaluation of certain financial assets, and financial liabilities (including derivative instruments) at fair value. All amounts are in millions of Swiss francs unless otherwise stated.

(a) Consolidation
Subsidiaries, being those companies in which the Group, directly or indirectly, has power to exercise control over the relevant activities, have been consolidated. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. All intercompany transactions, balances and unrealized gains and losses on transactions between Group companies are eliminated on consolidation. The difference of the cost of an acquisition of non-controlling interest over the carrying amounts of net assets acquired is recognized directly in equity.

A listing of the Group's principal subsidiaries is set out in Note 35. The financial effect of the acquisitions and disposals is shown in Note 30.

Business Combinations and Related Goodwill
The cost of an acquisition is measured as the fair value of the consideration given, including contingent consideration liabilities and the fair value of any previous equity interest. Acquisition-related costs are expensed as incurred.

The excess of the cost of an acquisition over the fair value of the net identifiable assets, liabilities and contingent liabilities acquired is capitalized. If the cost of an acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in other income in the income statement. Goodwill arising on acquisitions does not include any intangible assets acquired when these are separately identifiable and can be reliably measured.

With regards to business combinations, put option and call option agreements relating to the shares held by the non-controlling shareholders are entered from time to time. If the Group has acquired a present ownership interest as part of a business combination, the present value of the redemption amount of the put option is recognized as a financial liability with any excess over the carrying amount of the non-controlling interest recognized as goodwill. In such case, the non-controlling interest is deemed to have been acquired at the acquisition date and therefore any excess arising should follow the accounting treatment as in a business combination acquiring full shares of the target company. Subsequent value changes of the financial liability classified at amortized cost are recognized in the statement of income and no earnings are attributed to the non-controlling interest. If the Group has not acquired a present ownership interest as part of a business combination, the non-controlling interest continues to receive an allocation of profit or loss and 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 subsequent value changes of the financial liability are recognized directly in retained earnings.

Goodwill is considered to have an indefinite life and is not amortized but tested for impairment at least annually and upon the occurrence of an indication of impairment. The impairment testing process is described in section (h) of these policies.

(b) Investments in Associates and Joint Ventures
Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group's investments in its associates and joint ventures are accounted for by using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted by recognizing changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The income statement reflects the Group's share of the results of operations of the associate or joint venture. Any changes in Other Comprehensive Income (OCI) of those investees is recorded in OCI. In addition, when there has been a change directly recognized in the equity of the associate or joint venture, the Group recognizes its share of these changes, if applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The Group's share of profit or loss of an associate or a joint venture is reported in operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture. The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Group determines whether it is necessary to recognize an impairment on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognizes the loss as "Share of profit/(loss) of associates and joint ventures" in the income statement.

Upon loss of significant influence over the associate or joint control over the joint venture and it becomes a financial asset, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

(c) Financial Assets
Financial assets at fair value through profit or loss (FVTPL) include financial assets for short-term purposes, derivative financial instruments, convertible loans and other equity securities not irrevocably designated as at fair value through OCI on initial recognition. Such instruments are initially recognized at fair value on the date on which they are acquired and are subsequently measured at fair value. Unrealized and realized gains and losses relating to securities held for short-term purpose, derivative assets and other equity securities held for strategic purpose are recognized in the consolidated income statement. Derivative assets are included in other receivables, and derivative liabilities are included in other payables and accrued expenses in the statement of financial position as they are generally expected to be realized within twelve months of the financial reporting date.

Equity securities are designated at the date of acquisition on an instrument-by-instrument basis as financial assets at fair value through other comprehensive income with no subsequent recycling though profit or loss. Gains and losses for these instruments are recorded in the statement of comprehensive income.

If these equity securities are not designated at the date of acquisition as financial assets at fair value through other comprehensive income, they are classified as at fair value through profit or loss.

Financial assets measured at amortized cost are financial assets held to collect contractual cash flows comprising solely principal and interest payments. This represents the most significant measurement category for the Group and it comprises cash and cash equivalents, trade receivables and other financial receivables and loans. These assets are initially recognized at fair value plus transaction cost with the exception of trade receivables that are measured at the transaction price.

After initial recognition these financial assets are measured at amortized cost using the effective interest rate method and are subject to impairment using the expected credit loss model. The Group applies the simplified approach, which allows expected lifetime losses to be recognized for trade receivables using a provision matrix. The provision matrix is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. These provisions represent the difference between the trade receivables gross carrying amount and the estimated net collectible amounts. Trade receivables are written off against the provision account when there is an official announcement of liquidation or bankruptcy confirming that the receivable will not be collected.

(d) Derivatives and Hedging
The Group uses derivative financial instruments such as forward currency contracts to hedge its risks associated with foreign currency fluctuations.

Such instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value. Derivative assets are included in other receivables, and derivative liabilities are included in other payables and accrued expense in the statement of financial position. Any gains or losses arising from changes in fair value on derivatives during the year are taken to the income statement. Additionally, the Group designates some forward contracts as hedges of net investments in foreign operations. Gains and losses from these contracts are recorded directly in other comprehensive income and will be recycled to the income statement on disposal of the underlying investment.

The Group does not enter into any derivatives without underlying exposure.

(e) Foreign Currency Translation
The Group's financial statements are presented in Swiss francs (CHF), which is also the parent's functional currency. Income statements of foreign entities are translated into CHF at the average exchange rates for the year, while the statements of financial position are translated at the year-end exchange rates as of December 31. Exchange differences arising from the translation of the net investment in foreign subsidiaries and associated undertakings, and of borrowings that hedge such investments, are included in other comprehensive income. On disposal of a foreign entity, the accumulated exchange differences are recognized in the income statement as part of the gain or loss on sale.

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and the circumstances relevant to that entity ("the functional currency"). The functional currency of an entity is reviewed regularly.

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Non-monetary items are carried at historical cost using the spot rate at acquisition.

(f) Intangible Assets
Expenditure to acquire distribution contracts, patents, trademarks and licenses is capitalized and amortized using the straight-line method over their useful lives, not exceeding 20 years.

Software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized using the straight-line method over their estimated useful lives (3 to 10 years).

(g) Property, Plant, and Equipment
Property, plant and equipment is initially recorded at cost. The Group applies the straight-line depreciation method.

Such tangible fixed assets are depreciated to their residual values over their estimated useful life as follows:

Buildings	25 to 35 years
Machinery/tools, furniture/fixtures	5 to 10 years
IT/communication	3 to 5 years
Vehicles	5 years

Land is not depreciated as it is deemed to have an indefinite life. Leasehold improvements are depreciated over the shorter of their useful life and the remainder of the non-cancellable lease term.

Where the carrying amount of an asset, or the CGU it belongs to, is greater than its estimated recoverable amount, it is written down to its recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in other operating income or other operating expense.

(h) Impairment of Assets

Goodwill and Indefinite-life Intangible assets

Goodwill and indefinite-life intangible assets are tested for impairment at least annually and upon the occurrence of an indication of impairment. The impairment tests are performed annually at the same time each year at the cash-generating unit (CGU) level. The Group defines its CGUs based on the way that it monitors and derives economic benefits from the acquired goodwill and intangibles. The impairment tests are performed by comparing the carrying value of the assets of these CGUs with their recoverable amount. The recoverable amount is the greater of the fair value less cost of disposal and value-in-use. Generally, the Group starts with a value-in-use calculation based on the future projected free cash flows discounted at an appropriate pre-tax rate of return. These calculations use free cash flow projections for the next five years based on financial budgets and economic growth rates approved by the Executive Committee. The discount rate reflects the current assessment of the time value of money and the risks specific to the CGUs (essentially country risks).

Impairment of Property, Plant and Equipment, and Finite-life Intangible Assets

Consideration is given at each financial reporting date determining whether there is any indication of impairment of the carrying amount of the Group's property, plant and equipment, right-of-use assets and finite-life intangible assets. If any indication exists, an asset's or CGUs recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the fair value less costs of disposal and value-in-use. In assessing the value-in-use, the estimated future cash flows are discounted to their present value based on a country-specific discount of the country where the assets are located, adjusted for risks specific to the asset.

(i) Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract gives the right to control the use of an identified asset for a period of time in exchange for consideration. The right to control the use of an identified asset can be split into the right to obtain substantially all of the economic benefits from use of an identified asset and the right to direct the use of an identified asset.

The Group recognizes right-of-use assets at the commencement date of the lease. Right-of-use assets are initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurement of the lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the lease term. Right-of-use assets are subject to impairment.

The Group initially recognizes lease liabilities measured at the present value of lease payments that are not paid at the commencement date, discounted using the incremental borrowing rate where the rate implicit in the lease is not readily determinable. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period in which the event or condition that triggers the payment occurs.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Group's property leases principally relating to warehouse, office and shop facilities typically include an initial non-cancellable period with an option to renew for an additional fixed period.

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it reasonably certain not to be exercised.

The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. All relevant factors that create an economic incentive for it to exercise the renewal are considered. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control that could affect the exercise.

The Group applies the short-term lease recognition exemption in case the lease period is shorter than 12 months. It also applies the lease of low-value assets recognition exemption. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

(j) Inventories
Inventories are stated at the lower of cost or net realizable value. Cost is determined based on the weighted average cost method. The cost of finished goods and work in progress includes raw materials, direct labor, other direct costs and related production overheads, but excludes interest expense.

Net realizable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. A provision is established for slow moving and scrap items on stock.

(k) Cash and Cash Equivalents
Cash and cash equivalents include cash on hand, current account deposit balances at banks.

(l) Borrowings
Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost using the effective interest rate method; any difference between proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings.

Borrowings are classified as current unless the liability matures only after twelve months after the reporting date, or the Group has an unconditional right to defer settlement of the liability for at least twelve months after the financial reporting date.

(m) Provisions
Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The Group recognizes a warranty provision on all products still under warranty at the financial reporting date. This provision is calculated based on service histories.

(n) Share-based Payments
The Group has equity-settled, share-based compensation plans, under which it receives services from qualifying employees in exchange for equity instruments. The employee services received in exchange for the grant of the equity-settled payments are measured at the fair value of the equity instruments granted and are recognized as expenses, with a corresponding increase in equity over the period that the employees become unconditionally entitled to the awards. The fair values of payments under active share-based payment plans are measured at the dates of share grant using a Monte Carlo simulation.

(o) Employee Benefits
The Group operates a number of defined benefit pension plans in various countries.

The cost of providing benefits under the defined benefit plans is determined using the projected unit credit method.

Remeasurements, comprising actuarial gains and losses, the effect of the asset ceiling and the return on plan assets (excluding net interest), are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to the income statement in subsequent periods.

Past service costs are recognized in the income statement on the earlier of:
- The date of the plan amendment or curtailment, or
- The date that the Group recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognizes the following changes in the net defined benefit obligation under "expenses for defined benefit pension plans" in employee benefit expenses:

- Service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements
- Net interest cost

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary resignation. Benefits falling due more than twelve months after financial reporting date are discounted to present value.

Provisions and accruals are also made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the financial reporting date.

(p) Current and Deferred Income Taxes

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred income tax is provided, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted or substantively enacted tax rates are used to determine deferred income tax.

Deferred tax assets relating to the carryforward of unused tax losses are recognized to the extent that it is probable that future taxable profit will be available and against which the unused tax losses can be utilized.

Deferred tax liabilities for withholding taxes (WHT) are recognized for subsidiaries in situations where the income is to be paid out as dividend in the foreseeable future and for undistributed earnings of unconsolidated companies to the extent that these withholding taxes are not expected to be refundable or deductible.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

(q) Revenue Recognition

The Group's sales are generated from the distribution of healthcare products and consumer goods, trading of technology and performance material products and from rendering of services. Revenue is recognized when a contractual promise to a customer has been fulfilled by transferring control over the promised goods or services, principally at the time of shipment to or receipt of the products by the customer, or over time when the services are performed. The Group's contractual promises generally represent one performance obligation. However, if a contract includes more than one performance obligation, the consideration is allocated based on the stand-alone selling prices of the individual performance obligations. The amount of revenue recognized is based on the expected consideration in exchange for the goods and services, taking into account contractually defined terms (e.g. trade discounts, cash discounts and volume rebates) and excluding taxes or duty.

The Group's technology segment may sell, to a limited extent, equipment and related installation services. The two deliverables are considered separate performance obligations since the installation services do not significantly modify or customize the equipment. Revenue is recognized based on the satisfaction of each of the performance obligations in the contract.

In the Business Units Consumer Goods and Healthcare, the Group enters into contracts with its suppliers for the distribution of products. Under these contracts, the Group might also provide procurement, marketing, sales, warehousing, logistics and collection services. The Group assesses on a contract-by-contract basis whether it is acting as a principal or agent. In some cases, the Group might not be considered the party primarily responsible for fulfilling the promise to the customer to provide the products, and/or might not have inventory risk before specified equipment has been transferred to the customer and/or might not have discretion in establishing the price for the specified equipment. In limited cases where the Group is acting as an agent, only the margin on sale, the fees or commissions earned are recorded in net sales.

(r) Segment Reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee, which makes strategic and key operating decisions. No segments have been aggregated to a reporting segment.

(s) Changes in Accounting Policy and Disclosures
New and Amended IFRS as of January 1, 2022
The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS and International Financial Reporting Interpretations Committee (IFRIC) interpretations and annual improvements that need to be applied for annual periods beginning January 1, 2022:

Amendments to IFRS 3 "Reference to the conceptual Framework", Amendments to IAS 37 "Onerous Contracts—Cost of Fulfilling a Contract", IAS 16 "Property, Plant and Equipment: Proceeds before Intended Use", IFRS 1 "Subsidiary as a first -time adopter", IFRS 9 "Fees in the '10 per cent' test for derecognition of financial liabilities" and IFRS 41 "Taxation in fair value measurements" apply for the first time in 2022, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

New standards and interpretations and amendments to existing standards that are not yet effective and that the Group has not adopted early.
IFRS 17 Insurance Contracts: In May 2017, the IASB issued a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation, and disclosure. Once effective, IFRS 17 applies to all types of insurance contracts, regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. The Group currently assesses that the new standard will not have any significant impact on its financial statements.

Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
In 2021 the IASB published amendments to IAS 12 Income Taxes in Deferred Tax related to Assets and Liabilities arising from a Single Transaction. The amendments require companies to recognize deferred tax on particular transactions that, on initial recognition, give rise to taxable and deductible temporary differences of equal amounts. Such a requirement may apply on the initial recognition of a lease liability and the corresponding right of-use asset at the commencement of a lease. The requirement also applies in the context of decommissioning, restoration and similar liabilities where the corresponding amounts are recognized as part of the cost of the related asset. The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted. The gross deferred tax assets and liabilities will be disclosed, but will be set off on the balance sheet if such requirements are met. The Group currently assesses that the new standard will not have any significant impact on its financial statements.

Amendments to IAS 1: "Classification of Liabilities as Current or Non-current", Amendments to IAS 8 "Definition of Accounting Estimates", and Amendments to IAS 1 and IFRS Practice Statement 2 "Disclosure of Accounting Policies" have been published. These amendments are not expected to have a material impact on the Groups financial statements .

(t) Critical Accounting Estimates and Assumptions
The presentation of the consolidated financial statements in accordance with IFRS requires the use of estimates. Certain areas that are particularly subject to evaluation and in which management's assumptions and estimates are of critical importance for the consolidated financial statements are mentioned below:

(i) Impairment Testing of Goodwill
The Group tests goodwill annually for impairment (Note 15), in accordance with the accounting policy for impairment of assets (h). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions. The most critical assumptions for this calculation are the estimated cash flows during the forecast period and the discount rate applied.

(ii) Income Taxes

The Group is obliged to pay income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. For any uncertain tax position, a current or deferred tax liability or receivable is recognized based on detailed assessment of the tax risk. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred tax liabilities in the period in which such determination is made (Note 9).

As a multinational group with a turnover exceeding EUR 750 million, DKSH will be in scope of the Pillar Two Model Rules that were issued by the OECD. The Pillar Two Model Rules are anticipated to be brought into law by a significant number of jurisdictions in 2023 and take effect beginning in 2024. Switzerland decided to implement Pillar Two by means of a constitutional amendment that is expected to come into force on January 1, 2024, if approved by the Swiss public in a vote in 2023. DKSH is in the process of assessing the impact of these recent developments which may affect its future income tax charges and cash flows.

(iii) Retirement Benefit Obligations

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of the retirement benefit assets or obligations (Note 26).

(iv) Measurement of Fair Value

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Group Accounting & Financial Reporting has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

Further information about the assumptions made in measuring fair values is included in Note 30 Acquisitions and disposals and Note 33 Financial instruments.

(u) Exchange Rates Applied

The financial statements of foreign subsidiaries are drawn up in local currency and translated into Swiss francs for consolidation purposes. The following exchange rates were applied:

	Statement of financial position year-end rates	**Statement of financial position year-end rates**	**Income statement average rates**	**Income statement average rates**
Currency	**2022**	**2021**	**2022**	**2021**
1 AUD	0.628	0.665	0.663	0.687
1 CNY	0.133	0.144	0.142	0.142
1 EUR	0.986	1.037	1.006	1.082
1 GBP	1.114	1.235	1.181	1.258
1 HKD	0.119	0.118	0.122	0.118
100 JPY	0.702	0.797	0.726	0.832
100 KRW	0.073	0.077	0.074	0.080
100 MMK	0.040	0.051	0.050	0.057
1 MYR	0.211	0.220	0.217	0.221
1 PHP	0.017	0.018	0.018	0.019
1 SGD	0.689	0.678	0.693	0.680
1 THB	0.027	0.028	0.027	0.029
1 TWD	0.030	0.033	0.032	0.033
1 USD	0.924	0.918	0.955	0.914
1,000 VND	0.039	0.040	0.041	0.040

3. Segment Information

2022 by Business Unit

in CHF millions	Healthcare	Consumer Goods	Performance Materials	Technology	Other / Elimi-nation	Total
Sale of goods	5,486.5	3,484.1	1,455.3	477.0	-	10,902.9
Other services	150.4	224.6	6.1	36.2	-	417.3
Net sales	**5,636.9**	**3,708.7**	**1,461.4**	**513.2**	**-**	**11,320.2**
Operating profit (EBIT)	146.2	86.9	112.2	33.2	(59.3)	319.2
Additions of property, plant and equipment	15.0	7.8	5.9	7.4	7.7	43.8
Additions of intangible assets	43.7	0.7	1.3	0.1	2.5	48.3
Depreciation and amortization	34.9	52.5	8.2	9.9	21.0	126.5
of which right-of-use assets	20.2	37.8	2.5	3.2	13.7	77.4
Investments in associates and joint ventures	-	-	0.3	7.9	91.1	99.3
Share of profit and loss of associ-ates and joint ventures	-	-	-	2.7	(2.8)	(0.1)
Number of employees (full-time equivalents)	7,923	17,498	1,622	1,680	2,354	31,077

2022 country information

in CHF millions	Net sales third parties[1]	Non-current assets[2]
Thailand	3,336.4	185.6
Malaysia	1,580.4	112.2
Taiwan	1,231.3	75.5
Hong Kong	976.3	42.3
Australia	391.0	134.1
Switzerland (domicile)	140.3	127.5
United States	50.7	274.0
Other countries	3,613.8	445.5
Group Total	**11,320.2**	**1,396.7**

[1] Net sales of an individual country are allocated based on the entities located in the respective country.
[2] Non-current assets exclude financial assets, deferred tax assets and retirement benefit assets.

2021 by Business Unit (restated)

in CHF millions	Healthcare	Consumer Goods	Performance Materials	Technology	Other / Elimi-nation	Total
Sale of goods	5,449.6	3,600.4	1,276.7	394.9	-	10,721.6
Other services	136.7	207.9	4.7	35.4	-	384.7
Net sales	**5,586.3**	**3,808.3**	**1,281.4**	**430.3**	**-**	**11,106.3**
Operating profit (EBIT)[1]	130.2	83.3	114.7	20.9	(64.5)	284.6
Additions of property, plant and equipment	35.4	5.9	2.8	3.8	6.2	54.1
Additions of intangible assets	2.2	0.5	0.7	0.6	6.2	10.2
Depreciation and amortization	36.5	58.5	5.5	10.8	16.9	128.2
of which right-of-use assets	22.1	41.1	2.2	4.4	9.8	79.6
Investments in associates and joint ventures[1]	-	-	-	7.8	111.5	119.3
Share of profit and loss of associ-ates and joint ventures[1]	-	-	-	3.1	(9.0)	(5.9)
Number of employees (full-time equivalents)	7,864	18,348	1,342	1,585	2,314	31,453

[1] 2021 restated.

2021 country information

in CHF millions	Net sales third parties[1]	Non-current assets[2]
Thailand	3,370.3	150.5
Malaysia	1,500.3	110.7
Taiwan	1,248.6	76.7
Hong Kong	889.7	24.9
Singapore	692.0	66.8
Australia	339.3	141.1
Switzerland (domicile)	131.3	80.3
United States	29.6	0.2
Other countries	2,905.2	292.4
Group Total	**11,106.3**	**943.6**

[1] Net sales of an individual country are allocated based on the entities located in the respective country.
[2] Non-current assets exclude financial assets, deferred tax assets and retirement benefit assets.

Expenses for Long Term Incentive Plans (LTIP) and share of profit and loss of associates are reclassified to be consistent with changes made in the internal reporting. Expenses for LTIP in the amount of CHF 1.9 million are partly reclassified from Other to the four operating segments. Share of profit and loss of associates in the amount of CHF 0.4 million are reclassified from segment Consumer Goods to Other. The reclassification has been applied retrospectively to the 2021 information.

The Group is organized on a worldwide basis into four Business Units that reflect the operating segments according to IFRS 8:

DKSH Business Unit Healthcare is the leading Market Expansion Services provider for healthcare companies seeking to grow their business in Asia. Custom-made offerings comprise registration, regulatory services, market entry studies, importation, customs clearance, marketing and sales, physical distribution, invoicing and cash collection. Products available through DKSH Healthcare include ethical pharmaceuticals, consumer health and over-the-counter (OTC) products, as well as medical devices.

DKSH Business Unit Consumer Goods is Asia's leading Market Expansion Services provider with a focus on fast moving consumer goods, food services, luxury goods, fashion and lifestyle products, as well as hair and skin cosmetics. The Business Unit's comprehensive Market Expansion Services extend from product feasibility studies and registration to importation, customs clearance, marketing and merchandising, sales, warehousing, physical distribution, invoicing, cash collection and after-sales services.

DKSH Business Unit Performance Materials is a leading specialty chemicals distributor and provider of Market Expansion Services for performance materials, covering Europe, North America and the whole of Asia. The Business Unit sources, markets and distributes a wide range of specialty chemicals and ingredients for pharmaceutical, personal care, food & beverage, as well as various industrial applications.

DKSH Business Unit Technology is the leading provider of Market Expansion Services covering a broad range of capital investment goods and analytical instruments. The Business Unit offers total solutions in the areas of infrastructure, industrial materials and supplies, precision and textile machinery, semiconductors, photovoltaic and electronics, agriculture, hospitality as well as specialized industrial applications.

"Other" includes Corporate Center functions, including management, finance, administration and IT. Some costs of "Other" are charged to the Business Units, and the allocation is based on specific allocation keys set up in management service agreements between the corporate entities and the subsidiaries. The unallocated costs are reflected in the operating result (EBIT) in "Other."

There are generally very limited transactions between the Business Units and between the regions. The majority of costs relating to a given Business Unit/region are directly incurred by the segment/region to which they relate. Country central costs such as administration and IT are allocated to the Business Units.

4. Net Sales

Net sales by category:

in CHF millions	2022	2021
Sale of goods	10,902.9	10,721.6
Other services	417.3	384.7
Net sales	**11,320.2**	**11,106.3**

5. Other Income

in CHF millions	2022	2021
Supplier compensation	9.0	0.9
Government grants	4.4	4.7
Gain on sale of tangible and intangible assets[1]	1.9	10.9
Other	16.8	16.8
Total other income	**32.1**	**33.3**

[1] 2021 includes a gain from strategic sale of the right to perform certain business in specific territories of CHF 10.3 million to aCommerce (Note 19).

The nature of the government grants principally relates to wage subsidies under job support schemes in various countries. Government grants were recognized in the income statement on a systematic basis over the periods in which the entity recognizes expenses for the related costs for which the grants are intended to compensate.

6. Employee Benefit Expenses

in CHF millions	2022	2021
Salaries and bonuses	542.0	545.4
Sales and other commissions	51.6	49.6
Temporary staff	32.4	25.7
Social security costs	31.5	29.5
Expenses for defined contribution pension plans	24.3	20.4
Expenses for defined benefit pension plans (Note 26)	6.7	7.9
Staff training costs	2.6	1.2
Other personnel expenses	84.4	58.6
Total employee benefit expenses	**775.5**	**738.3**
Number of employees (full-time equivalents)	**31,077**	**31,453**

7. Other Operating Expenses

in CHF millions	2022	2021
Logistics and distribution costs	216.7	199.8
Selling costs	91.5	136.9
Travel and entertainment	38.1	25.6
Information technology	34.0	28.1
Expense for short-term leases, low-value assets and variable lease payments	17.2	16.3
Utilities	14.6	13.4
Communication	11.9	10.7
Consulting services	11.2	14.0
Fees and royalties	2.8	6.8
Loss on sale of tangible and intangible assets	0.5	0.3
Other	67.1	61.4
Total other operating expenses	**505.6**	**513.3**

8. Net Finance Result

in CHF millions	2022	2021
Interest income on bank deposits	2.4	1.1
Income from financial instruments [1]	-	34.8
Financial income	**2.4**	**35.9**
Net foreign exchange result	(8.9)	6.3
Interest expenses on bank borrowings	(14.3)	(12.1)
Interest expenses on lease liabilities	(11.7)	(9.5)
Expense from financial instruments [2]	(0.7)	-
Expense from revaluation of contingent consideration liabilities	(1.2)	(0.3)
Financial expenses	**(36.8)**	**(15.6)**
Net finance result	**(34.4)**	**20.3**

[1] 2021 includes a gain from revaluation of an equity instrument at FVTPL of CHF 32.5 million and CHF 2.3 million from a fair value change on convertible loans (Note 33).

[2] Fair value change of convertible loans in 2022 (Note 33).

9. Income Tax Expenses

in CHF millions	2022	2021
Current income tax	86.8	75.0
Adjustments in respect of current income tax of previous years	0.7	0.7
Deferred tax	(10.4)	(0.9)
Total income tax expenses	**77.1**	**74.8**

The income tax expense of the Group differs from the amount that would arise applying the applicable income tax rate as follows:

in CHF millions	2022	2021
Profit before tax	284.7	304.9
Applicable income tax based on 21.7% (2021: 21.1%)	61.7	64.3
Tax effects relating to prior years	0.7	0.7
Impact of tax rate changes	0.3	(0.5)
Tax effects of WHT/foreign tax not recoverable	17.9	10.4
Tax effect on non-deductible expenses	6.4	13.7
Tax effect of income that is not taxable	(2.5)	(8.6)
Tax effects related to tax losses and tax credits	(9.1)	(4.4)
Others	1.7	(0.8)
Total income tax expenses	**77.1**	**74.8**

The applicable income tax rate is the weighted average of the tax rates of the respective individual tax jurisdictions. Due to the different weights of the results of the Group companies and respective local tax rates, the calculated income tax rate has changed.

10. Cash and Cash Equivalents

in CHF millions	2022	2021
Cash at bank and on hand	631.4	652.9
Short-term deposits	5.0	20.8
Total cash and cash equivalents	**636.4**	**673.7**

11. Trade Receivables

The aging of trade receivables is as follows:

in CHF millions	Not overdue	Up to 3 months overdue	Between 3 and 6 months overdue	Between 6 and 9 months overdue	Between 9 and 12 months overdue	More than 12 months overdue	Total
As of December 31, 2022							
Loss rate	0.1%	1.0%	7.2%	27.9%	61.5%	100.0%	
Total trade receivable - gross	1,804.9	198.1	27.7	6.1	2.6	7.1	2,046.5
Loss allowance	(1.2)	(2.0)	(2.0)	(1.7)	(1.6)	(7.1)	(15.6)
Total trade receivable - net							**2,030.9**
As of December 31, 2021							
Loss rate	0.1%	1.0%	3.2%	16.1%	61.1%	100.0%	
Total trade receivable - gross	1,791.1	201.1	49.3	12.4	5.4	7.1	2,066.4
Loss allowance	(1.2)	(2.1)	(1.6)	(2.0)	(3.3)	(7.1)	(17.3)
Total trade receivable - net							**2,049.1**

Movements on the Group loss allowance of trade receivables are as follows:

in CHF millions	2022	2021
As of January 1	**17.3**	**20.1**
Loss allowance	2.5	0.4
Receivables written off	(3.4)	(2.6)
Exchange differences	(0.8)	(0.6)
As of December 31	**15.6**	**17.3**

The expense for loss allowance is included in selling costs as part of other operating expenses.

12. Financial Assets

in CHF millions	2022	2021
Deposits to third parties	21.0	16.1
Convertible loan at fair value through profit and loss	10.3	11.1
Equity instruments at fair value through other comprehensive income	-	1.7
Loans to third parties	0.1	0.3
Total financial assets	**31.4**	**29.2**

Details of financial assets at fair value are as follows:

in CHF millions	Fair value through profit and loss	Fair value through other comprehensive income	Total
As of January 1, 2021	**40.1**	**2.2**	**42.3**
Additions	8.8	-	8.8
Fair value change	34.8	(0.3)	34.5
Reclassification	(74.1)	-	(74.1)
Exchange differences	1.5	(0.2)	1.3
As of December 31, 2021	**11.1**	**1.7**	**12.8**
Fair value change	(0.7)	(0.3)	(1.0)
Disposal	-	(1.1)	(1.1)
Exchange differences	(0.1)	(0.3)	(0.4)
As of December 31, 2022	**10.3**	**-**	**10.3**

13. Inventories

in CHF millions	2022	2021
Raw materials	27.8	27.1
Work in progress	5.0	5.7
Finished goods	1,284.2	1,174.9
Total inventories - gross	**1,317.0**	**1,207.7**
Provision for obsolete and slow moving stock	(39.7)	(43.3)
Total inventories	**1,277.3**	**1,164.4**

Details of change in impairment for inventories:

in CHF millions	2021	2021
As of January 1	**43.3**	**43.2**
Increase in provision for inventories	31.0	23.5
Unused amount reversed	(23.4)	(13.4)
Utilized during the year	(9.0)	(8.6)
Exchange differences	(2.2)	(1.4)
As of December 31	**39.7**	**43.3**

14. Prepaid Expenses and Contract Assets

in CHF millions	2022	2021
Prepaid expenses	10.0	18.4
Contract assets	15.0	13.3
Total prepaid expenses and contract assets	**25.0**	**31.7**

Contract assets primarily relate to the Group’s rights to consideration for projects completed but not billed due to the final acceptance of the customer being outstanding. There was no impact on contract assets as a result of acquisitions. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group is entitled to issue an invoice to the customer.

15. Intangible Assets

in CHF millions	Trademarks	Client contracts	Software, Others[1]	Goodwill	Total
Cost					
As of January 1, 2021	**55.9**	**59.1**	**54.9**	**251.0**	**420.9**
Additions	1.8	0.2	8.2	-	10.2
Acquisitions	8.2	10.5	0.1	94.1	112.9
Disposals	-	-	(0.9)	-	(0.9)
Exchange differences	(1.9)	(1.1)	1.8	(7.1)	(8.3)
As of December 31, 2021	**64.0**	**68.7**	**64.1**	**338.0**	**534.8**
Accumulated amortization and impairments					
As of January 1, 2021	**(40.5)**	**(30.3)**	**(47.6)**	**(7.2)**	**(125.6)**
Amortization	(1.8)	(10.3)	(4.5)	-	(16.6)
Disposals	-	-	0.9	-	0.9
Exchange differences	1.7	0.5	(1.8)	0.9	1.3
As of December 31, 2021	**(40.6)**	**(40.1)**	**(53.0)**	**(6.3)**	**(140.0)**
Net book value					
As of January 1, 2021	**15.4**	**28.8**	**7.3**	**243.8**	**295.3**
As of December 31, 2021	**23.4**	**28.6**	**11.1**	**331.7**	**394.8**
Cost					
As of January 1, 2022	**64.0**	**68.7**	**64.1**	**338.0**	**534.8**
Additions	39.3	-	9.0	-	48.3
Reclassifications	-	-	6.7	-	6.7
Acquisitions	-	141.3	0.6	290.1	432.0
Disposals	(1.1)	-	(0.5)	-	(1.6)
Exchange differences	(0.4)	(7.5)	(3.2)	(31.9)	(43.0)
As of December 31, 2022	**101.8**	**202.5**	**76.7**	**596.2**	**977.2**
Accumulated amortization and impairments					
As of January 1, 2022	**(40.6)**	**(40.1)**	**(53.0)**	**(6.3)**	**(140.0)**
Amortization	(2.0)	(12.1)	(4.3)	-	(18.4)
Disposals	1.1	-	0.5	-	1.6
Exchange differences	0.3	2.2	2.0	0.5	5.0
As of December 31, 2022	**(41.2)**	**(50.0)**	**(54.8)**	**(5.8)**	**(151.8)**
Net book value					
As of January 1, 2022	**23.4**	**28.6**	**11.1**	**331.7**	**394.8**
As of December 31, 2022	**60.6**	**152.5**	**21.9**	**590.4**	**825.4**

[1] Principally relates to Software.

The Group has no intangible assets with indefinite useful lives as of December 31, 2022, and December 31, 2021, other than Goodwill.

Impairment Tests for Goodwill

Goodwill impairment reviews have been conducted for all goodwill items. Goodwill relating to the reverse acquisition of SiberHegner Group in 2002, which resulted in the formation of DKSH, has been allocated to the Group's cash-generating units (CGUs) identified according to Business Unit as per date of acquisition. Goodwill from acquisition of local businesses during 2003-2022 has been allocated to the CGUs in the respective country which are expected to benefit from synergies of the business combination.

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use free cash flow projections for the next five years based on financial budgets and economic growth rates approved by the Executive Committee.

The following key assumptions for value-in-use calculations were applied in 2022:

in CHF millions	Country	Segment	Goodwill amount	Pre-tax discount rates	Growth rates
Cash-generating unit					
Terra Firma[1]	United States	Performance Materials	175.1	11.3%	2.0%
Auric	Malaysia	Consumer Goods	72.1	15.2%	2.5%
Refarmed Group[1]	Switzerland	Performance Materials	47.1	11.1%	1.0%
Hahn	Australia	Healthcare	42.4	15.5%	2.5%
SACOA	Australia	Performance Materials	30.3	16.1%	2.5%
DNIV[1]	Singapore	Technology	24.0	13.0%	1.5%
Siber Hegner	Various	Performance Materials	23.5	12.4%	1.4%
CTD	Australia	Consumer Goods	19.5	15.2%	2.5%
Zeus	Spain, Portugal	Performance Materials	14.6	14.1%	1.7%
SPC	Thailand	Technology	13.0	12.8%	2.0%
Georg Breuer[1]	Germany	Performance Materials	12.7	13.3%	2.0%
Crossmark	Australia	Consumer Goods	12.0	15.2%	2.5%
Dasico & Jennow	Denmark	Performance Materials	10.5	12.8%	2.0%
Siber Hegner	Various	Technology	10.1	12.1%	1.5%
Staerkle & Nagler	Switzerland	Performance Materials	9.4	11.1%	1.0%
Bosung	Korea	Technology	8.9	13.7%	2.0%
Wicaksana	Indonesia	Consumer Goods	8.0	16.7%	2.9%
Auric	Singapore	Consumer Goods	6.7	13.0%	1.5%
Europ	Cambodia	Healthcare	6.1	19.1%	3.0%
Primatek	Indonesia	Technology	5.8	18.2%	2.9%
HTBA	Spain	Performance Materials	5.8	14.1%	1.7%
Electcables	Australia	Technology	5.5	15.5%	2.5%
Other CGUs	Various	Various	27.3	10.1-19.1%	1.4-4.0%
Total			**590.4**		

[1] Acquired in 2022.

Based on the annual goodwill impairment test, no impairment was recognized in 2022.

The outcome of impairment testing is sensitive to variations in estimates and assumptions. Variations in estimates and assumptions have the following effect on the recoverable amount calculations (all else equal):

- A 1% point increase in the discount rate would result in an impairment of CHF 3.9 million of which CHF 3.2 million relates to Wicaksana, CHF 0.3 million to Electcables, CHF 0.3 million to Primatek and CHF 0.1 million to Other CGUs.
- Lowered revenue projections for 2023 and thereafter by 10% would result in an impairment of CHF 2.6 million which relates to Wicaksana.
- Reduced projections of EBIT by 5% during forecast period 2023– 2027 would result in an impairment of CHF 1.9 million of which CHF 1.6 million relates to Wicaksana, CHF 0.2 million to Primatek and CHF 0.1 million to Other CGUs.

The following key assumptions for value-in-use calculations were applied in 2021:

in CHF millions	Country	Segment	Goodwill amount	Pre-tax discount rates	Growth rates
Cash-generating unit					
Auric	Malaysia	Consumer Goods	75.2	14.2%	2.0%
Hahn	Australia	Healthcare	44.9	11.5%	2.4%
SACOA	Australia	Performance Materials	28.5	12.5%	2.4%
Siber Hegner	Various	Performance Materials	23.5	10.9%	1.3%
CTD	Australia	Consumer Goods	20.7	11.1%	2.4%
Zeus	Spain, Portugal	Performance Materials	15.4	10.6%	1.7%
SPC	Thailand	Technology	13.4	11.2%	1.9%
Crossmark	Australia	Consumer Goods	12.7	11.1%	2.4%
Dasico & Jennow	Denmark	Performance Materials	11.0	9.9%	1.8%
Siber Hegner	Various	Technology	10.1	10.8%	1.3%
Staerkle & Nagler	Switzerland	Performance Materials	9.4	9.7%	1.0%
Bosung	Korea	Technology	9.3	11.7%	2.0%
Wicaksana	Indonesia	Consumer Goods	8.7	16.6%	2.9%
Auric	Singapore	Consumer Goods	6.6	11.1%	1.5%
Europ	Cambodia	Healthcare	6.0	16.8%	3.0%
Primatek	Indonesia	Technology	5.8	17.4%	2.9%
Electcables	Australia	Technology	5.8	12.7%	2.3%
Brandlines	New Zealand	Consumer Goods	5.1	13.5%	2.2%
Other CGUs	Various	Various	19.6	10.0-19.5%	1.4-4.0%
Total			**331.7**		

Based on the annual goodwill impairment test, no impairment was recognized in 2021.

The outcome of impairment testing is sensitive to variations in estimates and assumptions. Variations in estimates and assumptions have the following effect on the recoverable amount calculations (all else equal):

- A 1% point increase in the discount rate would result in an impairment of CHF 3.2 million of which CHF 2.9 million relates to Wicaksana and CHF 0.3 million to Primatek.
- Lowered revenue projections for 2022 and thereafter by 10% would result in an impairment of CHF 1.6 million of which CHF 1.1 million relates to Wicaksana, CHF 0.1 million to Primatek and CHF 0.4 million to Other CGUs.
- Reduced projections of EBIT by 5% during forecast period 2022–2026 would result in an impairment of CHF 1.1 million of which CHF 0.9 million relates to Wicaksana and CHF 0.2 million to Primatek.

16. Other Receivables

in CHF millions	2022	2021
Supplier accounts receivables	237.8	211.6
Advances and deposits	65.5	75.5
VAT and other taxes receivables	51.5	44.5
Derivative financial instruments	5.5	7.0
Other	5.3	10.0
Total other receivables	**365.6**	**348.6**

17. Property, Plant, and Equipment

in CHF millions	Land, buildings/ leasehold [1]	Machinery/ tools	Furniture/ fixtures	IT/ comm-unication	Vehicles	Assets under construction	Total
Cost							
As of January 1, 2021	**112.5**	**65.5**	**93.6**	**52.4**	**13.5**	**2.4**	**339.9**
Additions	11.4	9.5	5.1	6.1	0.7	21.3	54.1
Reclassifications	1.5	0.2	0.1	-	-	(1.8)	-
Acquisitions	-	0.4	-	0.3	0.1	-	0.8
Disposals	(3.2)	(3.6)	(7.8)	(4.2)	(0.8)	-	(19.6)
Exchange differences	(3.9)	(2.7)	(0.1)	(1.2)	(0.4)	(0.9)	(9.2)
As of December 31, 2021	**118.3**	**69.3**	**90.9**	**53.4**	**13.1**	**21.0**	**366.0**
Accumulated depreciation and impairments							
As of January 1, 2021	**(41.5)**	**(42.1)**	**(63.0)**	**(43.4)**	**(11.2)**	**-**	**(201.2)**
Depreciation	(7.8)	(8.2)	(9.1)	(5.8)	(1.1)	-	(32.0)
Disposals	1.5	2.7	6.2	4.1	0.8	-	15.3
Exchange differences	3.8	2.3	0.1	1.0	0.3	-	7.5
As of December 31, 2021	**(44.0)**	**(45.3)**	**(65.8)**	**(44.1)**	**(11.2)**	**-**	**(210.4)**
Net book value							
As of January 1, 2021	**71.0**	**23.4**	**30.6**	**9.0**	**2.3**	**2.4**	**138.7**
As of December 31, 2021	**74.3**	**24.0**	**25.1**	**9.3**	**1.9**	**21.0**	**155.6**
Cost							
As of January 1, 2022	**118.3**	**69.3**	**90.9**	**53.4**	**13.1**	**21.0**	**366.0**
Additions	10.3	10.0	8.2	7.8	0.8	6.7	43.8
Reclassifications	6.9	0.3	-	-	-	(13.9)	(6.7)
Acquisitions	3.9	0.2	0.4	0.1	0.1	-	4.7
Disposals	(6.4)	(4.5)	(6.4)	(3.1)	(4.1)	-	(24.5)
Exchange differences	(11.0)	(3.7)	(4.2)	(2.9)	(0.4)	(1.7)	(23.9)
As of December 31, 2022	**122.0**	**71.6**	**88.9**	**55.3**	**9.5**	**12.1**	**359.4**
Accumulated depreciation and impairments							
As of January 1, 2022	**(44.0)**	**(45.3)**	**(65.8)**	**(44.1)**	**(11.2)**	**-**	**(210.4)**
Depreciation	(7.4)	(8.1)	(8.5)	(5.8)	(0.9)	-	(30.7)
Disposals	4.5	3.9	6.0	3.1	3.9	-	21.4
Exchange differences	6.2	3.0	3.3	2.1	0.3	-	14.9
As of December 31, 2022	**(40.7)**	**(46.5)**	**(65.0)**	**(44.7)**	**(7.9)**	**-**	**(204.8)**
Net book value							
As of January 1, 2022	**74.3**	**24.0**	**25.1**	**9.3**	**1.9**	**21.0**	**155.6**
As of December 31, 2022	**81.3**	**25.1**	**23.9**	**10.6**	**1.6**	**12.1**	**154.6**

[1] Includes CHF 35.2 million as per December 31, 2022 (2021: CHF 39.8 million) of land which is not depreciated.

No bank borrowings are secured with assets of property, plant and equipment as of December 31, 2022 and 2021.

18. Leases

The Group has lease contracts for various items of property, vehicles and equipment used in its operations. Leases of properties generally have lease terms between 3 and 15 years, while motor vehicles and equipment generally have lease terms between 3 and 5 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets and therefore income from leasing is insignificant. There are several lease contracts that include extension and termination options and variable lease payments. Some leases provide for additional rent payments that are based on changes in local price indices.

The table below analyzes the carrying amounts of right-of use assets recognized and the movements during the periods:

in CHF millions	Properties	Vehicles	Equipment	Total
As of January 1, 2021	**208.3**	**10.5**	**3.9**	**222.7**
Depreciation	(73.3)	(4.9)	(1.4)	(79.6)
Additions	123.8	6.2	0.8	130.8
Acquisitions	0.6	-	-	0.6
Exchange differences	(0.1)	(0.4)	(0.1)	(0.6)
As of December 31, 2021	**259.3**	**11.4**	**3.2**	**273.9**
Depreciation	(71.6)	(4.3)	(1.5)	(77.4)
Additions	126.9	2.9	1.3	131.1
Acquisitions	0.9	-	-	0.9
Exchange differences	(10.8)	(0.2)	(0.1)	(11.1)
As of December 31, 2022	**304.7**	**9.8**	**2.9**	**317.4**

The table below shows the carrying amounts of lease liabilities and the movements during the periods:

in CHF millions	Total
As of January 1, 2021	**227.0**
Additions	130.8
Acquisitions	0.6
Accretion of interest	9.5
Rent concessions COVID-19	(1.0)
Repayments of lease liabilities and interest payments	(86.1)
Exchange differences	(0.1)
As of December 31, 2021	**280.7**
Additions	131.1
Acquisitions	0.9
Accretion of interest	11.7
Rent concession COVID-19	(0.4)
Repayments of lease liabilities and interest payments	(78.5)
Exchange differences	(11.6)
As of December 31, 2022	**333.9**
thereof current lease liabilities:	
As of December 31, 2021	60.5
As of December 31, 2022	66.1

The maturity analysis of lease liabilities is disclosed in Note 33.

Amounts recognized in the income statement are as follows:

in CHF millions	2022	2021
Depreciation expense of right-of use assets	(77.4)	(79.6)
Interest expense on lease liabilities	(11.7)	(9.5)
Expense relating to short-term leases	(12.8)	(13.2)
Expenses relating to leases of low-value assets	(0.5)	(0.2)
Variable lease payments	(3.9)	(2.9)
Rent concessions COVID-19	0.4	1.0
Total amount recognised in the income statement	**(105.9)**	**(104.4)**

The Group had total cash outflows for leases of CHF 95.7 million in 2022 (2021: CHF 101.9 million). The Group had non-cash additions to right-of-use assets and lease liabilities of CHF 131.1 million in 2022 (2021: CHF 130.8 million). The future cash outflows relating to leases that have not yet commenced are as follows:

in CHF millions	2022	2021
Not later than 1 year	16.5	14.3
Later than 1 year and not later than 5 years	31.1	10.1
Later than 5 years	0.9	0.1
Total commitments not yet commenced	**48.5**	**24.5**

19. Investments in Associates

The investments in associates are as follows:

Company Ownership in %	**Country of incorporation**	**2022**	**2021**
Bovet Fleurier SA, Plan-les-Ouates	Switzerland	25.0	25.0
Kulara Holdings Pte Ltd., Singapore	Singapore	30.0	30.0
aCommerce Group Ltd., Hong Kong	Hong Kong	21.5	21.5

The Group's share of net asset and profit for the year relating to associates, included in the consolidated statement of financial position and income statement, are as follows:

in CHF millions	aCommerce	Other associates	Total
As of January 1, 2021	**-**	**34.5**	**34.5**
Reclassification [1]	74.1	-	74.1
Investments	10.3	-	10.3
Share of results	-	(9.0)	(9.0)
Exchange differences	(0.2)	(0.4)	(0.6)
At December 31, 2021	**84.2**	**25.1**	**109.3**
Reclassification [2]	-	(18.0)	(18.0)
Acquisitions	-	0.3	0.3
Loss on sale of shareholdings	-	(0.1)	(0.1)
Share of results	(3.5)	0.7	(2.8)
Exchange differences	0.4	0.2	0.6
At December 31, 2022	**81.1**	**8.2**	**89.3**

1 Reclass of financial asset from financial instrument FVTPL to investments in associates in 2021 (Note 12).
2 Reclass related to Bovet to Assets classified as held for sale.

aCommerce represents an omnichannel e-commerce enabler and provides B2C solutions for e-commerce in Southeast Asia. Services include online store and brand management, digital marketing, customer service management, supply chain management & fulfillment. aCommerce helps brands sell online through e-commerce platforms & other online channels. aCommerce is a B2C service provider for the Group in Southeast Asia.

Summarized financial information of aCommerce:

in CHF millions	2022	2021
Current assets	59.5	77.0
Non-current assets	23.9	18.3
Total assets	**83.4**	**95.3**
Current liabilities	(59.8)	(55.1)
Non-current liabilities	(63.0)	(68.3)
Total liabilities	**(122.8)**	**(123.4)**
Total equity	**(39.4)**	**(28.0)**
Net sales[1]	247.9	255.8
Loss after tax[1]	(13.6)	(18.4)
Other comprehensive income[1]	(1.0)	(4.5)
Total comprehensive income[1]	**(14.6)**	**(22.9)**

Reconciliation of the carrying amount

in CHF millions	2022	2021
Share held by the Group in the equity of aCommerce	(8.6)	(5.5)
Goodwill and other intangible assets	89.7	89.7
Carrying amount of aCommerce	81.1	84.2

[1] Information for 2021 reflects performance for the entire year.

20. Interest in Joint Ventures

The Group's interests in joint ventures are as follows:

Company Ownership in %	Country of incorporation	2022	2021
Cummins Diethelm Ltd., Bangkok	Thailand	50.0	50.0
Cummins DKSH Vietnam LLC, Ho Chi Minh City	Vietnam	50.0	50.0
Cummins DKSH (Singapore) Pte Ltd., Singapore	Singapore	50.0	50.0
Cummins DKSH (Myanmar), Yangon	Myanmar	50.0	50.0
DKSH Klingelnberg Service Ltd., Shanghai	China	50.0	50.0

The Group's share of net asset and profit for the year relating to joint ventures, included in the consolidated statement of financial position and income statement, are as follows:

in CHF millions	2022	2021
Group's share of net assets	10.0	10.0
Group's share of profit for the year	2.7	3.1

21. Deferred Income Tax

Deferred tax assets and liabilities are recognized in the statement of financial position as follows:

in CHF millions	2022	2021
Deferred tax assets (net)	53.8	47.1
Deferred tax liabilities (net)	(27.0)	(26.3)
Net deferred tax assets	**26.8**	**20.8**

Deferred tax assets (gross):

in CHF millions	2022	2021
As of January 1	**73.9**	**76.7**
Credited/(charged) to the income statement	21.5	0.5
Credited/(charged) to other comprehensive income	0.3	0.1
Acquisitions/divestments	0.1	-
Exchange differences	(3.2)	(3.4)
As of December 31	**92.6**	**73.9**

Deferred tax assets (gross) relating to:

in CHF millions	2022	2021
Trade receivables	31.7	25.9
Inventories	6.8	7.8
Property, plant and equipment	3.3	3.2
Intangible assets	6.0	5.7
Other assets	4.7	2.5
Employee benefits	4.7	5.3
Lease liabilities	2.9	0.8
Provisions and other liabilites	17.4	14.9
Tax loss carryforwards and tax credits	15.1	7.8
Total deferred tax assets	**92.6**	**73.9**

The Group recognized deferred tax assets (net) of CHF 7.3 million (2021: CHF 8.8 million) regarding entities recording a net loss in current and/or previous period. The Group expects to recover the deferred tax assets (net) in future periods.

Deferred tax liabilities (gross):

in CHF millions	2022	2021
As of January 1	**53.1**	**49.9**
Charged/(credited) to the income statement	11.1	(0.4)
Charged/(credited) to other comprehensive income	(4.0)	1.6
Acquisitions/divestments	7.9	4.8
Exchange differences	(2.3)	(2.8)
As of December 31	**65.8**	**53.1**

Deferred tax liabilities (gross) relating to:

in CHF millions	2022	2021
Inventories	5.2	4.1
Property, plant and equipment	3.4	2.8
Intangible assets	15.0	9.9
Employee benefits	4.2	7.0
Right of use assets	0.6	0.2
Other assets	5.2	2.7
Provisions, other liabilies and undistributed profits	32.2	26.4
Total deferred tax liabilities	**65.8**	**53.1**

The Group has recognized deferred tax liabilities with regards to temporary differences associated with its investments in subsidiaries, associates and joint ventures of CHF 8.0 million (2021: CHF 7.5 million) due to expected distribution in the foreseeable future. The temporary differences associated with investments in the Group's subsidiaries and joint ventures, for which no distribution in foreseeable future is expected and therefore no deferred tax liability has been recognized in the periods presented, aggregate to CHF 258.7 million (2021: CHF 378.8 million).

Deferred tax assets relating to tax loss carryforwards are recognized to the extent that realization of the related tax benefit with future taxable profits is probable. The Group did not recognize deferred tax assets related to accumulated losses amounting to CHF 39.8 million (2021: CHF 95.0 million) that can be carried forward against future taxable income. These tax losses will expire as follows:

in CHF millions	**2022**	**2021**
Expiring next year	2.5	1.7
Expiring in 2 years	6.4	25.1
Expiring in 3 years	5.7	12.0
Expiring in 4 years	5.2	19.4
Expiring in 5 years	5.0	10.1
Expiring later than 5 years	0.9	2.6
No expiry	14.1	24.1
Total unrecognized tax losses	**39.8**	**95.0**

In 2022, the Group initiated and executed an internal reorganization leading to additionally recognized tax losses.

22. Borrowings

in CHF millions	2022	2021
Current		
Bank overdraft	14.4	14.2
Bank borrowings	136.0	186.1
Bankers acceptance and promissory notes	4.9	4.0
Total borrowings current	**155.3**	**204.3**
Non-current		
Bank loans	523.4	102.1
Total borrowings non-current	**523.4**	**102.1**
Total borrowings current and non-current	**678.7**	**306.4**
Weighted average effective interest rates on borrowings	3.0%	3.4%

As of December 31, 2022, the Group has undrawn committed and uncommitted bank borrowings and guarantee facilities amounting to CHF 920.2 million (2021: CHF 885.7 million). Bank loans and borrowings are entered into locally by subsidiaries, at commercial terms prevailing in the local environment and might be subject to standard financial and non-financial covenants.

The table below analyzes the cash and non-cash changes of current and non-current borrowings:

in CHF millions	2022	2021
As of January 1	**306.4**	**338.6**
Cash flows		
Net proceeds/repayments	387.2	(25.0)
Non-cash changes		
Acquisitions	1.9	1.0
Exchange differences	(16.8)	(8.2)
As of December 31	**678.7**	**306.4**

The cash and non-cash changes of lease liabilities are included in Note 18 and the financing cash flows for leases are presented separately as repayment of leases in the cash flow statement.

23. Other Payables, Accrued Expenses and Contract Liabilities

in CHF millions	2022	2021
Accrued expenses third parties	186.7	165.1
Accrued expenses employees	82.1	85.3
Prepayments and deposits received	80.3	65.5
VAT and other tax payables	63.3	56.6
Accrued expenses and payables advertising and promotion suppliers	61.7	45.1
Payables distribution and logistics suppliers	27.2	26.0
Contingent consideration liabilities	24.0	12.2
Contract liabilities	15.3	12.2
Derivative liabilities	9.8	2.7
Payables for repair and maintenance and tangible assets	6.9	6.7
Other non-trade payables	31.4	56.3
Total other payables and accrued expenses	**588.7**	**533.7**

Contract liabilities relate to the advance consideration received from customers prior to the Group transferring control of products. Due to the nature of the Group's business operating cycles, amounts included in contract liabilities as of December 31, 2022 and December 31, 2021 are expected/have been recognized as revenue in 2023 and 2022 respectively.

24. Provisions

in CHF millions	Product warranty	Employee entitlements	Litigations/ Disputes	Others	Total
Current and non-current					
As of January 1, 2022	**0.9**	**5.0**	**1.5**	**3.1**	**10.5**
Additions	1.6	0.9	0.2	0.7	3.4
Unused amount reversed	(1.7)	(0.6)	(0.8)	(0.5)	(3.6)
Utilized in current year	-	(0.8)	-	(0.1)	(0.9)
Exchange differences	(0.1)	(0.2)	-	(0.1)	(0.4)
As of December 31, 2022	**0.7**	**4.3**	**0.9**	**3.1**	**9.0**
thereof:					
Current provisions	0.7	0.2	0.9	0.5	2.3

Product Warranty

The Group issues warranties on certain products and undertakes to repair or replace items that fail to perform satisfactorily. A provision has been recognized at the year-end for expected warranty claims based on past experience of the level of repairs and returns.

Employee Entitlements

Employee entitlements refer to termination or long-term employee benefits and are calculated on the basis of local labor laws of the respective countries. The amounts provided for are calculated using the average wage and years of service. The timing of cash outflow is uncertain.

25. Contingencies

As of December 31, 2022, the Group has outstanding corporate guarantees of CHF 6.8 million (2021: CHF 5.4 million) in favor of joint ventures. The Group considers that it is not probable that an outflow of resources embodying economic benefits will be required to settle these guarantees. Therefore, no amount has been recognized in the statement of financial position.

26. Retirement Benefit Assets and Obligations

Defined Benefit Plans in Switzerland

According to the Swiss pension law (BVG), pension plans are to be managed by independent, legally autonomous units. The defined benefit plan covers all employees in Switzerland and exceeds the minimum benefit requirements under Swiss pension law. Contributions to the plan are paid by the employees and the employer. For all employees, contributions are calculated as a percentage of contributory salary and are deducted monthly. In addition, the company pays risk contributions, which are used to finance benefits paid out in the event of death and disability, as well as to finance retirement benefits and survivors' bridging pensions. The benefits of the plan participants include retirement benefits and disability, death and survivor pensions. The plan provides a lifetime pension to members at the retirement age of 65. At retirement, a portion or the full amount can be taken as a lump sum payment. The amount of pension payable is calculated based on the conversion rate applied on the accumulated savings balance of the individual plan participant's pension account at the retirement date. The accumulated savings balance on the pension account is based on the employee and employer contributions that have been made to the pension account of each individual plan participant, as well as the interest accrued on the accumulated balance. The interest rate accrued is defined annually by the Pension Foundation Board. The investment strategy of the plan is in line with Swiss pension law, including the rules and regulations relating to diversification of plan assets. The board of trustees strives for a medium- and long-term consistency and sustainability between assets and liabilities. According to Swiss pension law, a temporary limited underfunding is permitted. However, the Pension Foundation Board is required to take the necessary measures to ensure that full funding can be expected to be restored within a period up to a maximum of ten years. Under Swiss pension law, if a pension plan became significantly underfunded on a Swiss pension law basis, additional employer and employee contributions could be required. In these situations, the risk is shared between employer and employees, and the employer is not legally obliged to cover more than 50% of the additional contributions required. The Swiss pension plan has a technical funding ratio under Swiss pension law of 106.0% (provisional) as of December 31, 2022 (2021: 118.5%), and thus it is not expected that such additional contributions will be required in the next year.

Defined Benefit Plans in Other Countries

Defined Benefit Plan in Japan

The defined benefit plan in Japan is managed by an independent, legally autonomous unit according to Japanese law. The defined benefit pension plan covers about one third of the employees in Japan and will not enroll any more employees. Contributions to the plan are paid by the employer only. Contributions are calculated as percentage of contributory salary. The benefits of the plan participants include retirement benefits, death and survivor pensions. The plan provides a ten-year pension to members at the retirement age of 62. At retirement, the employee can choose either a lump sum payment or a ten-year pension (pension option is available only for employees with more than 15 years of service). The accumulated savings balance on the pension account is based on the employer contributions that have been made to the pension account of each individual plan participant, as well as the interest accrued on the accumulated balance. A temporary limited underfunding is permitted. Once every 3 years, there is an assessment of funding according to Japanese regulations. If the pension plan is underfunded, the monthly contribution amounts are increased starting at the beginning of the following year. The pension plan has a technical funding ratio of 138.0% as of December 31, 2022 (2021: 142.0%), and thus it is not expected that additional contributions will be required in the next year.

Defined Benefit Plan in Taiwan

The defined benefit plan in Taiwan is governed under the Labor Standards Act. The pension plan covers all employees. The pension payable is calculated as percentage of contributory salary whereof a portion is paid into a fund kept on the employee's account with the Labor Bureau. Contributions to the plan are paid by the employees and the employer. The benefits of the plan participants include retirement benefits. The plan provides a lifetime pension to members at retirement age of 65 years. At retirement, a portion or the full amount can be taken as a lump sum payment. The accumulated savings balance, which corresponds to the pension payable, is based on the contributory salary percentages of each individual plan participant, as well as the interest accrued on the accumulated balances. As the contributions are in accordance with Taiwanese law, it is not expected that additional contributions will be required in the next year.

Defined Benefit Plan in Philippines

The defined benefit plan in the Philippines is governed under the Philippine statute covering pension mandates and exceeds the minimum benefit requirements under Philippine labor law. The plan is managed by a separate autonomous unit. The pension plan covers all employees. Contributions to the plan are paid by the employer. The contribution is calculated as a percentage of basic salary for all employees. This contribution covers benefits paid out in the event of retirement, death, illness or disability. The plan provides a lump sum payment to members at the retirement age of 60. The amount of pension payable is calculated based on the conversion rate of final salary and years in service at the retirement date. There is no provision for funding levels under Philippine law. As of December 31, 2022 and 2021, respectively, the pension fund had a net surplus and thus additional contributions are not expected to be made next year.

Defined Benefit Plan in Thailand

The defined benefit plan in Thailand is governed under the Labor Protection Act B.E 2541 (1998) and exceeds the minimum benefit requirements under Thai pension law. According to local law, no funding of the pension liability is required. The individual pension payable is calculated as one month's salary per year of service under the severance pay plan and for the gratuity pay plan, applicable for employees with employment commencement date before October 1, 2017, one-quarter of the last month's basic salary times the number of service years for each full year served. The maximum number of accumulating service years under the severance pay plan is limited to 10 years. The benefits of the plan participants include retirement benefits and retrenchment. The plan provides a lump sum payment based on the last drawn basic monthly salary at the retirement age of 60 years.

The expenses for defined benefit plans recognized in the income statement are as follows:

in CHF millions	2022	2021
Current service costs	6.9	7.2
Past service costs	(0.5)	0.4
Net interest cost	0.3	0.3
Expense for defined benefit pension plans	**6.7**	**7.9**

The funded and unfunded defined benefit obligations are as follows:

in CHF millions	2022	2021
Defined benefit obligations	(141.0)	(167.1)
thereof unfunded	(20.1)	(22.0)
Fair value of plan assets	142.9	167.4
Funded status	**1.9**	**0.3**
Impact of minimum funding requirement/asset ceiling	(19.6)	(0.5)
Net retirement benefit obligations recognized in the statement of financial position	**(17.7)**	**(0.2)**
Retirement benefit assets recognized in the statement of financial position	10.9	29.8
Retirement benefit obligations recognized in the statement of financial position	28.6	30.0

As of December 31, 2022, pension plans in Japan, the Philippines and the principal plan in Switzerland were in a surplus situation and other pension plans in Switzerland were in a deficit situation. The pension plan in Thailand does not include a funding requirement and the plan in Taiwan requires only partial funding.

in CHF millions	2022	2021
Switzerland		
Defined benefit obligations	(106.0)	(128.7)
Fair value of plan assets	127.1	150.1
Funded status	**21.1**	**21.4**
Other countries		
Defined benefit obligations	(35.0)	(38.4)
thereof unfunded	(20.1)	(22.0)
Fair value of plan assets	15.8	17.3
Funded status	**(19.2)**	**(21.1)**

The movement in present value of the defined benefit obligations are as follows:

in CHF millions	2022	2021
As of January 1	**167.1**	**168.3**
Current service cost	6.9	7.2
Past service cost	(0.5)	0.4
Interest cost	1.0	0.7
Remeasurements included in other comprehensive income		
Actuarial (gain)/loss from the effect of changes in demographic assumptions	(0.5)	(5.2)
Actuarial (gain)/loss from the effect of changes in financial assumptions	(30.5)	(1.4)
Actuarial (gain)/loss from the effect of experience adjustments	10.5	5.6
Employee contributions	2.0	1.9
Benefits paid	(17.8)	(9.8)
Acquisitions	4.3	-
Insurance premiums for risk benefits	-	(0.3)
Exchange differences	(1.5)	(0.3)
As of December 31	**141.0**	**167.1**

The movement in the fair value of plan assets is as follows:

in CHF millions	2022	2021
As of January 1	**167.4**	**163.1**
Interest income	0.7	0.4
Remeasurements included in other comprehensive income		
Return on plan assets (excluding interest income)	(19.1)	5.4
Employee contributions	2.0	1.9
Employer contributions	4.6	3.6
Benefits paid	(13.8)	(7.3)
Acquisitions	4.0	-
Insurance premiums for risk benefits	-	(0.3)
Exchange differences	(2.9)	0.6
As of December 31	**142.9**	**167.4**

The Group expects to contribute CHF 4.5 million to its defined benefit pension plans in 2022 (2021: CHF 4.5 million).

Plan assets are composed as follows:

in CHF millions	2022	2021
Cash	8.2	8.3
Investments quoted in active markets		
Equity funds	30.6	36.4
Fixed-income funds	59.3	76.3
Real Estate funds	34.5	27.4
Corporate bonds	3.6	4.5
Unquoted investments		
Debt investments	5.2	2.8
Real estate	1.5	1.7
Assets held by insurance companies	-	10.0
Total	**142.9**	**167.4**

Pension plan assets include a property, occupied by the Group, with a market value of CHF 3.9 million (2021: 4.3 million) in the current and previous period in the Philippines.

The principal actuarial assumptions used are as follows:

in %	2022	2021
Switzerland		
Discount rate		
Active	2.30	0.20
Retired	2.30	0.15
Future salary increases	1.5	1.5
Mortality (Mortality tables)	BVG 2020 CMI 1.25	BVG 2020 CMI 1.25
Other countries		
Discount rate	1.0 - 7.4	0.2 - 7.6
Future salary increases	2.0 - 5.0	3.0 - 4.0
Future pension increases	1.0 - 3.0	1.0 - 3.0

Assumptions regarding future mortality experience are set based on advice from actuaries, published statistics and experience in each country. The Group applies Continues Mortality Improvement (CMI) and a long-term rate of 1.25% is used for the longevity improvements.

The life expectancy post retirement as at December 31, 2022, is as follows:

in years	2022	2021
Switzerland		
Male	23.6	23.3
Female	25.2	25.0

The sensitivity of the defined benefit obligations to changes of significant assumptions as at December 31, 2022, is as follows:

in CHF millions	2022	2021
Switzerland		
Discount rate (increase)/decrease by 0.5%	(5.5)/6.1	(5.9)/6.6
Rate of salary increase/(decrease) by 0.5%	1.1/(1.1)	0.5/(0.5)
Rate of pension increase/(decrease) by 0.5%	5.1/(5.1)	5.1/(5.1)
Life expectancy increase/(decrease) by 1 year	3.2/(3.3)	3.7/(3.7)

The weighted average duration of the defined benefit plan obligations as December 31, 2022, is 15.0 years (2021: 15.1 years).

27. Equity, Share Capital and Treasury Shares

	Nominal value in CHF	Total number of shares
As of January 1, 2021	**0.1**	**65,042,963**
As of December 31, 2021 and January 1, 2022	0.1	65,042,963
As of December 31, 2022	**0.1**	**65,042,963**

In In 2022 and 2021, the Group had no changes in its share capital.

An ordinary dividend of CHF 2.05 per common registered share was paid in 2022 (2021: CHF 1.95 ordinary dividend). Total dividend payments amounted to CHF 133.2 million (2021: CHF 126.8 million).

The total authorized number of shares as of December 31, 2022, of DKSH Holding Ltd. is 65,042,963 (2021: 65,042,963) with a par value of CHF 0.10 per share. All issued shares are fully paid in. In 2022 the Group purchased 81,000 treasury shares for an amount of CHF 6.3 million. The Group used 57,540 treasury shares (CHF 4.3 million) for vested share-based payment awards. The Group holds 91,777 treasury shares as of December 31, 2022 (2021: 68,317).

The Ordinary General Meeting held on April 16, 2013, approved the Board of Directors' proposal to increase conditional share capital by 500,000 shares or CHF 0.1 million. As of December 31, 2022, the Company's conditional share capital amounts to 282,537 shares (2021: 282,537 shares) or CHF 0.03 million (2021: CHF 0.03 million).

As of December 31, 2022, the Company does not have authorized share capital (2021: CHF 0.0 million).

At the Ordinary General Meeting scheduled for March 16, 2023, a CHF 2.15 dividend is to be proposed in respect of 2022 (2021: CHF 2.05 ordinary dividend per registered shares). These financial statements do not reflect this dividend payable, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the year ending December 31, 2023. Dividends payable are not accounted for until they have been ratified at the Ordinary General Meeting.

Other reserves and retained earnings include statutorily restricted reserves of CHF 141.2 million as of December 31, 2022 (2021: CHF 141.7 million).

28. Earnings per Share

The following reflects the data used in the basic and diluted earnings per share computations for the years ending December 31, 2022:

in CHF millions	2022	2021
Profit after tax attributable to the shareholders of the DKSH Holding Ltd.	201.1	223.9
Weighted average number of outstanding shares during the year	64,976,148	64,978,845
Dilutive shares	112,144	117,029
Adjusted weighted number of shares applicable to diluted earnings per share	65,088,292	65,095,874

There have been no other transactions involving registered shares between the financial reporting date and the date of completion of these financial statements.

29. Share-based Payments

Long-term Incentive Plan (LTIP)

Every year performance share units (PSU) are granted to eligible key managers by, and at the full discretion of, the Board of Directors to provide eligible key managers of the DKSH Group with the opportunity to become shareholders of the Company, to participate in the future long-term success and prosperity of the DKSH Group and to further align long-term interests of the key managers and the DKSH Group. Each PSU is an entitlement to a maximum of 1.5 shares of the Company, provided certain performance targets are achieved during the three-year performance period and subject to the eligible managers remaining in service. In case certain predetermined performance thresholds are not met after three years, no shares of the Company will vest under the LTIP. At the end of a three-year performance period, the number of PSU's vesting is calculated by multiplying the number of PSU's granted with the vesting multiple. 60% of the vesting multiple is linked to the EBIT and 20% of the vesting multiple is linked to the Return on net operating capital (RONOC), both of the DKSH Group as reported in the Company's last annual report prior to the end of the three-year performance period. 20% of the vesting multiple depends on the share price measured as the average of the 20 days' closing share price prior to the end of the three-year performance period. The share price condition (e.g. market condition) has been factored into the grant date fair values using a Monte Carlo Simulation.

Year	Number of PSUs granted	Fair Value of PSUs[1]
2021	100,955	69.71
2022	89,022	78.28

[1] in CHF.

The total expense recognized for the period relating to share-based payment transactions amounted to CHF 5.4 million (2021: CHF 5.3 million).

30. Acquisitions

Acquisitions

During the business year 2022, the Group acquired the following businesses:

Business	Country of incorporation	Equity interest acquired	Effective date	Employees (FTEs)
Terra Firma Group	USA/Canada	82.4%	October 31, 2022	100
Refarmed Group	Switzerland	100%	July 1, 2022	37
DNIV Group	Singapore	100%	July 1, 2022	90
Georg Breuer GmbH	Germany	100%	August 31, 2022	18
Right Base Chemicals (RBC)	China	70%	March 25, 2022	31
Accutest Systems sdn. Bhd.	Malaysia	100%	July 4, 2022	18
Victa Food s.r.l	Italy	100%	July 1, 2022	3
JW Food Systems GmbH	Germany	100%	July 29, 2022	19

Effective October 31, 2022, the Group purchased 82.4 % of the interests in Terra Firma Group, a privately held business, based in US and Canada. The Terra Firma business represents a distributor of specialty chemicals in North America.

The Group has entered into the agreement to purchase the business based on an enterprise value formula on a cash and debt free basis. As part of the purchase agreement the Group has paid CHF 79.5 million to settle third party debt of the Terra Firma entities and incentive payments on behalf of the sellers at closing.

As part of the purchase of the interests the Group has entered into a put call option agreement to acquire the non-controlling interest to be exercised earliest ending 2025. The Group has concluded that it does not have a present ownership interest and therefore has recognised non-controlling interests measured at their proportionate share of net assets.

From the date of acquisition, the Terra Firma businesses contributed net sales amounting to CHF 25.7 million and a profit after tax of CHF 1.4 million. Assuming the business had been acquired as of January 1, 2022, the contribution for the net sales would have been CHF 153.9 million with a corresponding profit after tax of CHF 8.4 million.

Effective July 1, 2022, the Group purchased the shares of Refarmed Group. The Refarmed business, based in Switzerland provides Active Pharmaceutical Ingredients (APIs) and Finished Dosage Forms (FDFs) for international generic drug manufacturers. This includes the sourcing of the ingredients as well as providing technical and regulatory support.

Purchase consideration for Refarmed Group of CHF 63.4 million has been paid in cash in 2022. Contingent consideration liabilities with a fair value of CHF 19.1 million were recognized at the acquisition date. Payments are contingent on the achievement of normalized EBITDA targets of the acquired business for the financial years ending 2022, 2023 and 2024 and include a target floor of 80%.

From the date of acquisition, the business of Refarm Group contributed net sales amounting to CHF 36.9 million and a profit after tax of CHF 2.7 million. Assuming the business had been acquired as of January 1, 2022, the contribution for net sales would have been CHF 73.7 million with a corresponding profit after tax of CHF 5.3 million.

Effective July 1, 2022, the Group purchased the shares of DNIV Group headquartered in Singapore. The DNIV business, active in Singapore, Malaysia, Thailand and China provides high-tech manufacturing solutions for the semiconductor and electronics industry. The business includes engineering expertise covering the entire life cycle from installation to commissioning, training, application support, repair and maintenance, and spare parts.

The total purchase price for DNIV is capped at an amount of CHF 40.7 million. An amount of CHF 28.6 million has been paid in cash in 2022. Contingent consideration liabilities with a fair value of CHF 16.5 million were recognized at the acquisition date. Payments are contingent on the achievement of normalized EBITDA targets of the acquired business for 12-month periods following July 1, 2022 and 2023, the retention of key suppliers and include a target floor of 80%. If key suppliers are lost during specific earnout period, earnout will be nil.

From the date of acquisition, the business of DNIV Group contributed net sales amounting to CHF 37.5 million and a profit after tax of CHF 6.5 million. Assuming the business had been acquired as of January 1, 2022, the contribution for the net sales would have been CHF 75.0 million with a corresponding profit after tax of CHF 12.9 million.

Effective August 31, 2022, the Group purchased the shares of Georg Breuer GmbH. The Georg Breuer business, based in Germany represents a supplier of functional ingredients for the food industry. The business provides sustainable food solutions with a focus on vegan, organic, and gluten free, as well as salt and sugar reduction and offers value-added services to its customers, including research and development, application customization, and technical and regulatory support.

An amount of CHF 13.5 million has been paid in cash in 2022 for Georg Breuer. Contingent consideration liabilities with a fair value of CHF 5.4 million were recognized at the acquisition date. Payments are contingent on the achievement of normalized EBITDA targets of the acquired business for 12-month periods following August 31, 2022 and 2023 and include a target floor of 85 % as well as a supplier target for year earnout represented by the retention of two specific key suppliers. If such suppliers are lost, the earnout will be nil.

From the date of acquisition, the business of Georg Breuer contributed net sales amounting to CHF 18.0 million and a profit after tax of CHF 0.7 million. Assuming the business had been acquired as of January 1, 2022, the contribution for the net sales would have been CHF 54.1 million with a corresponding profit after tax of CHF 2.1 million

The Group has closed four other smaller acquisitions during 2022.

Effective April 25, 2022, the Group purchased the business of Right Base Chemicals (RBC), a privately held business based in Shanghai. RBC primarily distributes additives, resins, and colorants for coating and ink applications in the Eastern, Central, and South-Western regions of the Chinese market.

Effective July 4, 2022, the Group purchased the shares of Acutest Systems, a privately held business based in Malaysia. Acutest Systems is a distributor of clinical diagnostic point-of-care testing analyzers, diagnostic and screening devices and instruments, and laboratory systems in Malaysia.

Effective July 1, 2022, the Group purchased the shares of Victa Food s.r.l, a privately held business based in Italy. Victa Foods represents a specialized distributor of food and nutritional supplement ingredients for the Italian market.

Effective July 29, 2022, the Group purchased the shares of JW Foods Systems GmbH, a privately held business based in Germany. JW Food Systems is a manufacturer and supplier of functional mixtures for the food industry. In close cooperation with the customer, tailor-made and market-oriented systems of food additives for meat products, fish as well as convenience products are developed.

From the date of acquisition, these four businesses contributed net sales amounting to CHF 16.4 million and a profit after tax of CHF 0.7 million. Assuming the business had been acquired as of January 1, 2022, the contribution for the net sales would have been CHF 27.7 million with a corresponding profit after tax of CHF 1.3 million.

The goodwill of CHF 287.0 million relates to synergies and footprint improvements. With the exception of the Terra Firma goodwill, none of the other goodwill is expected to be deductible for income tax purposes.

An amount of CHF 4.1 million of external transaction cost has been expensed as incurred under other operating expenses.

The allocation of the purchase price was based upon a preliminary valuation, and the estimates and assumptions used are subject to change within the one-year measurement period.

Other contingent consideration with a fair value of CHF 1.8 million relates to Acutest Systems and JW Food.

Refer to Note 33 for further information on the determination and sensitivity of fair value.

The fair value of the identifiable assets and liabilities relating to the acquisitions:

in CHF millions	Terra Firma Group	Refarmed Group	DNIV Group	Georg Breuer	RBC, Victa Food, Acutest Systems and JW Food Systems	Total fair value recognized on acquisitions
Assets						
Cash and cash equivalents	7.2	6.4	7.9	0.8	1.1	23.4
Trade receivables	30.8	22.4	11.4	3.5	0.7	68.8
Inventories	31.2	2.1	3.5	-	3.5	40.3
Other current assets	1.5	0.9	6.2	4.0	1.6	14.2
Intangible assets	103.5	18.2	10.4	5.3	4.5	141.9
Property, plant and equipment	0.3	3.7	0.1	-	0.6	4.7
Right-of-use assets	0.7	-	0.1	0.1	-	0.9
Investment in associates and joint ventures	-	0.3	-	-	-	0.3
Retirement benefit asset	-	0.3	-	-	-	0.3
Deferred tax assets	-	0.1	-	-	-	0.1
Liabilities						
Current borrowings	-	(1.7)	(0.2)	-	-	(1.9)
Trade payables	(17.9)	(12.5)	(9.0)	(1.5)	(0.3)	(41.2)
Other current liabilities	(1.0)	(1.1)	(7.8)	(4.2)	(0.6)	(14.7)
Lease liabilities	(0.7)	-	(0.1)	(0.1)	-	(0.9)
Deferred tax liabilities	-	(3.3)	(1.8)	(1.6)	(1.2)	(7.9)
Net assets acquired	**155.6**	**35.8**	**20.7**	**6.3**	**9.9**	**228.3**
Non-controlling interest	(29.1)	(0.4)	-	-	(1.0)	(30.5)
Goodwill on acquisitions	192.6	47.1	24.4	12.5	10.4	287.0
Purchase consideration	**319.1**	**82.5**	**45.1**	**18.8**	**19.3**	**484.8**
Contingent consideration	-	(19.1)	(16.5)	(5.4)	(1.8)	(42.8)
Purchase consideration paid in cash	**319.1**	**63.4**	**28.6**	**13.4**	**17.5**	**442.0**
Cash and cash equivalents acquired	7.2	6.4	7.9	0.8	1.1	23.4
Net cash outflow	**(311.9)**	**(57.0)**	**(20.7)**	**(12.6)**	**(16.4)**	**(418.6)**

During 2022, the Group has settled contingent considerations relating to the acquisitions of Bosung for an amount of CHF 4.5 million and recorded expense from revaluation of the contingent consideration liability of CHF 1.2 million in financial expense.

During 2022, the Group has settled the contingent considerations relating to the acquisition of Sacoa for a total amount of CHF 8.0 million and CHF 0.6 million for STP and Medworkz.

Prior Year Acquisitions

During the business year 2021, the Group acquired the following businesses:

Effective March 3, 2021, the Group purchased the business activities of Medworkz Pte. Ltd, a privately held business based in Singapore. Medworkz represents a medical device distributor in Singapore.

From the date of acquisition, the business of Medworkz contributed net sales amounting to CHF 0.3 million and a profit after tax of CHF 0.0 million. Assuming the business had been acquired as of January 1, 2021, the contribution for the net sales would have been CHF 0.3 million with a corresponding profit after tax of CHF (0.1) million.

Effective March 31, 2021, the Group purchased the shares of Bosung Scientific Co.,Ltd, a privately held business based in South Korea. Bosung Scientific represents a life-science distributor in the local market of South Korea.

From the date of acquisition, the business of Bosung Scientific contributed net sales amounting to CHF 35.0 million and a profit after tax of CHF 1.6 million. Assuming the business had been acquired as of January 1, 2021, the contribution for the net sales would have been CHF 46.7 million with a corresponding profit after tax of CHF 2.2 million.

Effective April 30, 2021, the Group purchased the shares of Sacoa Pty Ltd, a privately held business based in Western Australia. Sacoa represents a formulator and distributor of premium agricultural crop protection products in the territory of Australia.

From the date of acquisition, the business of Sacoa contributed net sales amounting to CHF 5.6 million and a profit after tax of CHF 0.9 million. Assuming the business had been acquired as of January 1, 2021, the contribution for the net sales would have been CHF 8.4 million with a corresponding profit after tax of CHF 1.4 million.

Effective July 1, 2021, the Group purchased 70% of the shares of Hahn Healthcare Pty Ltd, a privately held business based in Australia. Hahn Healthcare represents a healthcare professional engagement company in the territory of Australia.

From the date of acquisition, the business of Hahn Healthcare contributed net sales amounting to CHF 17.2 million and a profit after tax of CHF 1.6 million. Assuming the business had been acquired as of January 1, 2021, the contribution for the net sales would have been CHF 34.4 million with a corresponding profit after tax of CHF 3.1 million.

Effective October 28, 2021, the Group purchased the business assets of Sales Team Providers Pty Ltd (STP), a privately held company based in Australia. STP represents as a Field Marketing agency based in Sydney, and active across the Australian retail landscape.

From the date of acquisition, the business of STP contributed net sales amounting to CHF 0.7 million and a profit after tax of CHF 0.0 million. Assuming the business had been acquired as of January 1, 2021, the contribution for the net sales would have been CHF 4.1 million with a corresponding profit after tax of CHF 0.2 million.

Effective December 24, 2021, the Group purchased the business assets of Healthtech Bio Actives, S.L.U, a privately held company based in Spain. HTBA represent performance materials distributor based in Barcelona and active in the Spanish market.

From the date of acquisition, the business of HTBA contributed net sales amounting to CHF 0.0 million and a profit after tax of CHF 0.0 million. Assuming the business had been acquired as of January 1, 2021, the contribution for the net sales would have been CHF 6.2 million with a corresponding profit after tax of CHF 0.3 million.

The goodwill of CHF 94.0 million relates to synergies and footprint improvements. None of the goodwill is expected to be deductible for income tax purposes.

An amount of CHF 1.2 million of external transaction cost has been expensed as incurred under other operating expenses.

The total purchase consideration for Bosung is capped at an amount of CHF 32.2 million. An amount of CHF 23.2 million has been paid in cash in 2021. Contingent consideration liabilities with a fair value of CHF 7.2 million were recognised at the acquisition date.

The total purchase consideration for Sacoa is capped at an amount of CHF 39.2 million. An amount of CHF 30.8 million has been paid in cash in 2021. Contingent consideration liabilities with a fair value of CHF 8.3 million were recognised at the acquisition date. Payments are contingent on the performance of one key brand. If the sales of 2022 (ending June) exceed sales of 2021, the earnout amount determined at closing, will become due, otherwise payment will be nil.

The allocation of the SACOA purchase price was finalized within the one-year measurement period in 2022. Based on audited financial statements for the full year ending June 2021, the purchase price increased by CHF 3.1 million and was recorded against goodwill in 2022.

Otherwise, the finalisation of the purchase accounting in 2022 did not lead to any changes to amounts disclosed in the annual report 2021.

The fair value of the identifiable assets and liabilities relating to the following acquisitions:

in CHF millions	Bosung Scientifc	Sacoa	Hahn Health-care	Medworkz, HTBA & STP	Total fair value recognized on acquisitions
Assets					
Cash and cash equivalents	13.5	1.4	2.1	-	17.0
Trade receivables	2.1	2.7	2.4	0.3	7.5
Inventories	4.7	1.6	-	0.8	7.1
Other current assets	0.1	-	2.2	0.2	2.5
Intangible assets	6.1	8.2	3.5	0.9	18.7
Property, plant and equipment	0.2	0.1	0.3	0.3	0.9
Right-of-use assets	0.3	-	0.3	-	0.6
Other non-current assets	0.4	-	-	-	0.4
Liabilities					
Trade payables	(2.3)	(1.2)	-	-	(3.5)
Current borrowings	(0.7)	(0.3)	-	-	(1.0)
Other current liabilities	(2.2)	(1.5)	(7.9)	-	(11.6)
Lease liabilities	(0.3)	-	(0.3)	-	(0.6)
Deferred tax liabilities	(1.4)	(2.4)	(0.8)	(0.2)	(4.8)
Net assets acquired	**20.5**	**8.6**	**1.8**	**2.3**	**33.2**
Non-controlling interest at fair value	-	-	(14.3)	-	(14.3)
Goodwill on acquisitions	9.9	30.5	46.1	7.5	94.0
Purchase consideration	**30.4**	**39.1**	**33.6**	**9.8**	**112.9**
Contingent consideration	(7.2)	(8.3)	-	(1.5)	(17.0)
Purchase consideration paid in cash	**23.2**	**30.8**	**33.6**	**8.3**	**95.9**
Cash and cash equivalents acquired	13.5	1.4	2.1	-	17.0
Net cash outflow	**(9.7)**	**(29.4)**	**(31.5)**	**(8.3)**	**(78.9)**

During 2021, the Group has settled the final earnout relating to the 2019 acquisitions of SPC, CTD and Dols for an amount of CHF 5.6 million, CHF 6.1 million and CHF 0.9 million respectively. An expense from revaluation of the contingent consideration liability of CHF 0.3 million was recorded in financial expense.

31. Related Party Transactions

The following transactions were with related parties in 2022:

in CHF millions	Shareholders	Associates	Joint ventures	Total
Income statement				
Sales of goods and services	-	15.7	0.8	16.5
Purchases of goods and services	-	2.3	0.2	2.5
Depreciation expenses of right-of-use assets	1.1	-	-	1.1
Fees & royalties	0.4	-	-	0.4
Interest received	-	0.4	-	0.4
Interest expenses relating to lease liabilities	0.1	-	-	0.1
Statement of financial position				
Trade Receivables	-	4.0	-	4.0
Other receivables and prepayments	-	-	0.1	0.1
Loans to related parties	-	10.3	-	10.3
Right-of-use assets	2.4	-	-	2.4
Trade payables	-	0.2	-	0.2
Other payables	0.1	-	-	0.1
Lease liabilities	2.4	-	-	2.4

The following transactions were with related parties in 2021:

in CHF millions	Shareholders	Associates	Joint ventures	Total
Income statement				
Sales of goods and services	-	11.0	1.6	12.6
Purchases of goods and services	-	1.4	0.1	1.5
Depreciation expenses of right-of-use assets	1.0	-	0.1	1.1
Gain on sale of intangible assets	-	10.3	-	10.3
Fees & royalties	0.4	-	-	0.4
Interest received	-	0.1	-	0.1
Interest expenses relating to lease liabilities	0.1	-	-	0.1
Statement of financial position				
Trade Receivables	-	2.4	-	2.4
Other receivables and prepayments	-	-	0.1	0.1
Loans to related parties	-	11.1	-	11.1
Right-of-use assets	3.4	-	-	3.4
Other payables	-	-	0.1	0.1
Lease liabilities	3.4	-	-	3.4

The total remuneration recognized as an expense in the reporting period for the Executive Committee and Board of Directors is as follows:

in CHF millions	2022	2021
Executive Committee	15.4	15.5
Board of Directors	2.4	2.5

The total remuneration recognized as an expense in the reporting period for the Executive Committee includes short-term employee benefits of CHF 9.1 million (2021: CHF 9.7 million), including both salary and incentive-based compensation, share-based compensation expenses of CHF 3.4 million (2021: CHF 3.4 million), post-employment benefits of CHF 0.7 million (2021: CHF 0.6 million), and long-term employee benefits of CHF 2.2 million (2021: CHF 1.8 million).

The total remuneration recognized as employee benefit expenses in the reporting period for the Board of Directors is CHF 2.4 million (2021: CHF 2.5 million). As of December 31, 2022 and 2021, no loans or any other commitments were outstanding to members of the Board of Directors and Executive Committee (Note 29 for more details regarding share-based payments).

32. Commitments

The Group has no material commitments requiring disclosure as at December 31, 2022.

33. Financial Instruments

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments to hedge certain exposures. The subsidiaries enter into financial derivative contracts with either Group Treasury or a local external financial counterparty. Group Treasury, in turn, covers its net exposure from these transactions with external financial counterparties.

Group Treasury holds responsibility for overseeing financial risk management together with the local finance organizations in line with the Group Treasury policy. The policy provides written principles for overall financial risk management as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, equity price risk, credit risk, liquidity risk, funding strategy and structure, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(i) Foreign Exchange Risk

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Euro, US Dollar and Japanese Yen. Foreign exchange risk arises from commercial transactions and recognized monetary assets and liabilities.

Foreign Exchange Risk on Commercial Transactions

Foreign exchange risk arises when committed future cash flows from commercial transactions are denominated in a currency that is not the subsidiary's functional currency. The Group companies are required to hedge their foreign exchange risk exposure arising from foreign currency cash flows that are not naturally offset by a simultaneous opposite commercial transaction in the same currency or mitigated in another way against their functional currency.

Focusing on the overall economic effects rather than, accounting effects of currency movements will result in timing and valuation differences between the hedge, which is taken out as the economic transaction is closed, and the underlying exposure. Furthermore, the focus on committed transactions means that the policy does not protect the local subsidiary from the potential commercial or competitive effect of medium- and longer-term shifts in exchange rates. The Group does not hold or issue derivative financial instruments for trading purposes and is not a party to leveraged instruments.

The total notional amount (outstanding gross settlement risk) and positive market value for financial counterparties were as follows:

in CHF millions	Notional amount	Notional amount	Positive market value	Positive market value
	2022	**2021**	**2022**	**2021**
AA- or higher	84.5	82.4	0.9	1.4
A+, A or A-	675.3	643.2	4.6	5.6
BBB+, BBB or BBB-	4.5	3.5	-	-
Total	**764.3**	**729.1**	**5.5**	**7.0**

For derivatives revalued through income statement, the Group recorded a net gain of CHF 25.9 million (2021: net gain of CHF 18.8 million) within the net foreign exchange result to recognize the change in the fair values.

These gains and losses on derivative instruments offset the financial position revaluation of financial assets and liabilities with the exception of the amount relating to derivatives used to hedge cash flows.

In 2022, the Group recorded a net loss of CHF 34.8 million (2021: net loss of CHF 12.5 million) from revaluation of financial position items.

in CHF millions	**2022**	**2021**
Current assets	5.5	7.0
Current liabilities	(10.5)	(2.8)
Net fair value of foreign exchange contracts	**(5.0)**	**4.2**
Swiss Franc equivalent notional amount of derivative financial instruments	764.3	729.2

The derivative assets and liabilities relating to foreign exchange risk on commercial transactions have been included in other receivables and other payables and accrued expenses in the statement of financial position. The amount of derivative assets of CHF 5.5 million as of December 31, 2022 (2021: CHF 7.0 million) represents the Group's exposure to credit risk from derivative financial instruments.

Foreign Exchange Risk on Other Transactions
Foreign exchange risk arises from committed future cash flows of transactions, such as dividends, acquisitions or disposals, that are denominated in a currency that is not the entity's functional currency. The Group's policy is that Group companies are required to hedge their foreign exchange risk exposure arising from such foreign currency cash flows.

Foreign Exchange Risk on Monetary assets and Liabilities
Foreign exchange risk arises when recognized monetary assets or liabilities are denominated in a currency that is not the entity's functional currency. Group companies are not authorized to borrow or hold cash in a currency other than their functional currency unless such borrowings or cash holdings are the result of short-term liquidity management, regulatory restrictions or market inefficiencies.

Foreign Currency Sensitivity
The following tables demonstrate the sensitivity to a reasonably possible change in USD, EUR and JPY exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in carrying amount of monetary assets and liabilities including foreign currency derivatives. The Group's exposure to foreign currency changes for all other currencies is not material.

Currency	Change foreign currency exchange rate	2022	2021
USD	+5%/-5%	8.4/(8.4)	5.2/(5.2)
EUR	+5%/-5%	3.6/(3.6)	2.9/(2.9)
JPY	+5%/-5%	0.3/(0.3)	0.4/(0.4)

(ii) Interest Rate Risk
The Group's income and operating cash flows are fairly independent of changes in market interest rates. The Group's borrowings and cash are subject to changes in interest rates as the majority is contracted short-term at floating interest rates. However, given the low level of financial leverage, changes in interest rates do not have a significant impact on the financial standing of the Group.

The treasury policy dictates that, to the extent that the Group is in a net debt position, the external debt with a remaining tenor of over 12 months should at least amount to 66.6% of the maximum forecast net debt over the next 12 months period. Of the long-term debt, at least 50.0% has to be held in fixed interest instruments.

As of December 31, 2022, if variable interest rates on interest-bearing borrowings had been 0.5% higher with all other variables held constant that the Group assumes to be reasonably possible, and the higher interest rates are applied to the borrowings as of December 31, pre-tax profit for the year would have been CHF 2.4 million (2021: CHF 1.5 million) lower. Assuming the higher interest rates increase the yield on interest-bearing cash and financial assets, the impact of the higher interest rates on the Group's pre-tax profit for the year will be offset by the increased income from these instruments. If interest rates on interest-bearing cash and financial assets had been 0.5% higher with all other variables held constant, and the higher interest rates are applied to the interest-bearing cash and financial assets as of December 31, 2022, pre-tax profit for the year would have been CHF 3.2 million (2021: CHF 3.3 million) higher.

(iii) Credit Risk
The Group is exposed to counterparty credit risk on financial instruments such as cash and cash equivalents, derivative assets and trade receivables.

The Group is not exposed to concentrations of credit risks on its cash and cash equivalents or derivatives. Derivative counterparties and cash transactions are limited to high-credit-quality financial institutions.

Cash and Cash Equivalents

Excess cash in operating entities is used either to reduce current bank borrowings, to deposit at the Corporate Center or to invest in short-term money market deposits.

The total cash balances of the Group are with institutions with the following ratings:

in CHF millions	2022	2021
AA- or higher	75.0	115.2
A+, A or A-	449.4	421.1
BBB+, BBB or BBB-	53.6	79.7
Non-investment grade/unrated	58.4	57.7
Total	**636.4**	**673.7**

Trade Receivables

Trade receivables are subject to credit limits, control and approval procedures in all the affiliated companies. Customer specific credit limits are set and monitored on an ongoing basis. The debtors are mainly internationally acting customers with own local entities with business activities in the wholesale sector and governmental institutions. None of these customers exceed 10.0% of total accounts receivable.

(iv) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by keeping credit lines and cash resources available.

The Corporate Center holds a strategic liquidity reserve consisting of either cash and/or undrawn committed credit facilities. As of December 31, 2022, this strategic reserve amounted to CHF 387.6 million (2021: CHF 421.9 million) consisting of cash and the undrawn CHF 150.0 million five-year committed credit facility closed on June 7, 2022 with two extension options for one year each.

in CHF millions	2022	2021
Centrally held cash and cash equivalents	237.6	221.9
Committed credit facility	150.0	200.0
Total	**387.6**	**421.9**

The table below analyses the Group's financial liabilities as per financial reporting date. The amounts disclosed refer to the maturity of the contractual undiscounted cash flows until maturity date (including contractually agreed interest payments).

in CHF millions	Up to 1 month or on demand	1 - 3 months	3 - 12 months	1 - 5 years	More than 5 years	Total Cash Flows	Carrying value
As of December 31, 2022							
Borrowings	75.7	9.2	75.7	567.8	-	728.4	678.7
Trade and other payables	1,100.4	915.3	359.5	17.2	-	2,392.4	2,392.4
Lease liabilities	7.0	12.9	57.3	192.3	112.5	382.0	333.9
Contingent considerations	-	-	24.3	22.6	-	46.9	46.4
Liabilites related to put options for non-controlling interests	-	-	-	82.5	-	82.5	67.5
Total	**1,183.1**	**937.4**	**516.8**	**882.4**	**112.5**	**3,632.2**	**3,518.9**
As of December 31, 2021							
Borrowings	69.1	5.7	134.8	104.8	-	314.4	306.4
Trade and other payables	1,110.0	907.6	440.5	40.3	-	2,498.4	2,498.4
Lease liabilities	6.5	12.0	53.4	145.4	107.0	324.3	280.6
Contingent considerations	-	-	12.3	3.5	-	15.8	15.6
Total	**1,185.6**	**925.3**	**641.0**	**294.0**	**107.0**	**3,152.9**	**3,101.0**

The table below analyses the maturity of the Group's derivative financial instruments as per financial reporting date.

The amounts disclosed, refer to the contractual undiscounted cash flows until maturity date that will be settled on a gross basis.

in CHF millions	Up to 1 month or on demand	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
As of December 31, 2022						
Forward FX contracts						
Outflow	(294.8)	(298.5)	(172.2)	(3.1)	-	(768.6)
Inflow	293.8	295.7	171.5	3.3	-	764.3
As of December 31, 2021						
Forward FX contracts						
Outflow	(387.0)	(239.8)	(93.5)	(4.9)	-	(725.2)
Inflow	389.4	240.5	94.0	5.3	-	729.2

(v) Fair Value

The table below analyzes financial assets and liabilities by measurement category. In case of recurring fair value measurements, the specific fair value level is indicated. The different fair value levels are defined as follows:

- Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group reflects the current bid price
- Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates; and
- Level 3: One or more of the significant inputs is not based on observable market data.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the year. The group's policy is to recognize transfers into and out of fair value hierarchy levels as at the end of the reporting period.

in CHF millions	Level	2022	2021
Financial assets at fair value through profit and loss			
Derivative assets	2	5.5	7.0
Convertible loan	3	10.3	11.1
Total		**15.8**	**18.1**
Financial assets at fair value through other comprehensive income			
Other equity securities	1	-	1.7
Total		**-**	**1.7**
Financial assets at amortized cost			
Cash and cash equivalents[1]		636.4	673.7
Trade receivables [1]		2,030.9	2,049.1
Other receivables[1 2]		308.6	297.1
Deposits to third party[1]		21.0	16.1
Loans to third party[1]		0.1	0.3
Total		**2,997.0**	**3,036.3**
Total financial assets		**3,012.8**	**3,056.1**
Financial liabilities at fair value through profit and loss			
Contingent consideration liabilities	3	46.4	15.6
Derivative liabilities	2	9.8	2.7
Total		**56.2**	**18.3**
Financial liabilities at amortized cost			
Borrowings[1]		678.7	306.4
Lease liabilities[4]		333.9	280.7
Liabilities related to put options of non-controlling interests[5]		67.5	-
Trade payables[1]		2,233.2	2,212.6
Other payables[1 3]		145.8	163.5
Total		**3,459.1**	**2,963.2**
Total financial liabilities		**3,515.3**	**2,981.5**

1 Carrying amount is a resonable approximation for fair value.
2 Excluding VAT and other tax receivables and derivative financial instruments.
3 Excluding VAT and other tax payables, derivative liabilities.
4 No fair value disclosure required.
5 Included in other non-current liabilities.

Measurement of Fair Values
The Group's financial instruments for which Level 2 and Level 3 fair values are determined as per below valuation techniques and specific unobservable inputs.

The forward exchange contracts represent Level 2 in the fair value hierarchy and are classified as financial instruments at fair value through profit or loss. The fair value is determined using the discounting method applying the zero-coupon curve at the financial reporting date.

In 2021, the Group subscribed to convertible loans for a total of CHF 8.8 million of aCommerce Group Ltd. (the Groups equity investment has been reclassified from equity instruments at fair value through profit and loss to investment in associates in 2021 upon gaining significant influence). The convertible loan assets are classified as financial instruments at fair value through profit and loss (Note 12) and revaluation as at December 31, 2022 resulted in a loss of CHF 0.7 million and (2021: gain of CHF 2.3 million). The valuation analysis for the derivative component was based on Monte Carlo simulations on the estimate (not listed) stock price of aCommerce (level 3 input).

The contingent considerations represent Level 3 in the fair value hierarchy and are classified as financial liabilities at fair value through profit or loss. The contingent consideration liabilities as per December 31, 2022 of CHF 46.4 million principally relate to the acquisitions of Refarmed (CHF 19.1 million), DNIV (CHF 16.8 million) and Georg Breuer (CHF 5.5 million).

Refarmed: Management has estimated the normalized EBITDA targets (significant unobservable inputs) for the 12-month periods following July 1, 2022, 2023 and 2024 and has determined that 120% of the target amount of EBITDA would be achieved and therefore 120% of target consideration would be payable. The estimated future cashflows have been discounted to present value (Level 2 input). If the normalized EBITDA is higher/lower by 10%, holding all other variables constant, the fair value would be higher/lower by CHF 1.9 million.

DNIV: Management has estimated the normalized EBITDA targets (significant unobservable inputs) for the 12-month periods following July 1, 2022 and 2023 and has determined that the target amount of EBITDA would be achieved and therefore target consideration would be payable. The estimated future cashflows have been discounted to present value (Level 2 input). If the normalized EBITDA is higher/lower by 10%, holding all other variables constant, the fair value would be higher/lower by CHF 1.6 million.

Georg Breuer: Management has estimated the normalized EBITDA targets (significant unobservable inputs) for the 12-month periods following August 31, 2022 and 2023 and has determined that the target amount of EBITDA would be achieved and therefore target consideration would be payable. The estimated future cashflows have been discounted to present value (Level 2 input). In addition, the earnout agreement includes a supplier target (retention of specific supplier). If such supplier is lost during respective earn out period, the earnout amount respective earnout amount would be nil. If the normalized EBITDA is higher/lower by 10%, holding all other variables constant, the fair value would be higher/lower by CHF 0.5 million.

Bosung: For the second earnout management has estimated the normalized EBITDA targets (significant unobservable inputs) for the financial year ending March 2023 and has determined that the base amount of EBITDA would be achieved and therefore base consideration would be payable. The estimated future cashflows have been discounted to present value (Level 2 input). If the normalized EBITDA is higher/lower by 10%, holding all other variables constant, the fair value would be higher/lower by CHF 0.3 million.

During 2022, the Group has settled contingent considerations relating to the acquisitions of Bosung for an amount of CHF 4.5 million and recorded expense from revaluation of the contingent consideration liability of CHF 1.2 million in financial expense.

During 2022, the Group has settled contingent considerations relating to the acquisition of Sacoa for a total amount of CHF 8.0 million and CHF 0.6 million for STP and Medworkz.

Reconciliation of Level 3 Fair Values
The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values:

in CHF millions	Unlisted equity securities	Convertible loan	Contingent consideration
As of January 1, 2021	**40.1**	**-**	**12.0**
Additions / Acquisitions	-	8.8	17.0
Reclassification	(74.1)	-	-
Settlements	-	-	(12.6)
Fair value changes	32.5	2.3	0.3
Exchange differences	1.5	-	(1.1)
As of December 31, 2021	**-**	**11.1**	**15.6**
Additions / Acquisitions	-	-	42.8
Settlements	-	-	(13.1)
Fair value changes	-	(0.7)	1.2
Exchange differences	-	(0.1)	(0.1)
As of December 31, 2022	**-**	**10.3**	**46.4**

(vi) Capital Risk Management

The Group's capital includes share capital, reserves, retained earnings and borrowings. The capital of the Group as of December 31, 2022, is CHF 2,437.1 million (2021: CHF 2,115.1 million). The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of asset-to-equity ratio and total debt-to-capitalization ratio. The asset-to-equity ratio is calculated as total assets divided by total equity. The total debt-to-capitalization ratio is calculated as total borrowings divided by the sum of borrowings and equity attributable to the shareholders of the Group. The ratios as of December 31, 2022 and 2021, were as follows:

	2022	2021
Asset-to-equity	3.2	2.8
Total debt-to-capitalization	27.8%	14.5%

Covenants that require the Group to maintain certain agreed financial ratios are managed locally for subsidiary borrowings and by Group Treasury for Group-level borrowings. As of December 31, 2022, and for the entire financial year 2022, the Group did not have any breaches of such loan agreements.

34. Events After Financial Reporting Date

There are no significant events after the financial position date.

35. Principal Subsidiaries as of December 31, 2022

Company name	Currency	Capital in thousands	Ownership and voting rights in %
Holding and management companies			
DKSH International Performance Materials Ltd., Zurich	CHF	500	100
DKSH China Holding Ltd., Hong Kong [1]	HKD	20,000	100
DKSH Corporate Shared Services Center Sdn. Bhd., Kuala Lumpur [1]	MYR	5,000	100
DKSH Holdings (Asia) Sdn Bhd., Kuala Lumpur [1]	MYR	30,000	100
DKSH Holdings (Malaysia) Bhd., Petaling Jaya	MYR	500,000	74.31
DKSH Holding Philippines, Inc., Manila [1]	USD	212	99
DKSH Holding (S) Pte Ltd., Singapore [1]	SGD	83,703	100
DKSH Management Pte Ltd., Singapore [1]	SGD	2,000	100
DKSH Management (Thailand) Ltd., Bangkok [1]	THB	10,000	100
Hahn Healthcare Holdings Pty Ltd., Sydney	AUD	10	100
Operating companies			
Switzerland			
DKSH Switzerland Ltd., Zurich [1]	CHF	20,000	100
DKSH International Ltd., Zurich [1]	CHF	700	100
Diethelm & Co Ltd., Zurich [1]	CHF	3,000	100
Medinova AG, Zurich [1]	CHF	250	100
Refarmed Chemicals SA (RC), Lugano	CHF	100	100
Ulfur Ltd., Malta	EUR	2,000	100
Asia			
DKSH Australia Pty Ltd., Hallam [1]	AUD	35,465	100
DKSH Grocery Connect Pty Ltd., Sydney	AUD	2	100
DKSH Performance Materials Operations Australia Pty Ltd., Melbourne	AUD	35,182	100
DKSH Agrisolutions Pty Ltd., Melbourne	AUD	1,400	100
Crossmark Australia Pty Ltd., Sydney	AUD	15,694	100
Sales Team Providers Pty Ltd., Sydney	AUD	-	100
DKSH Hong Kong Ltd., Hong Kong [1]	HKD	100,000	100
PT DKSH (Indonesia), Jakarta	IDR	180,755,650	100
PT DKSH Smollan Field Marketing, Jakarta	IDR	5,164,847	100
PT Wicaksana Overseas International Tbk, Jakarta [1]	IDR	695,652,184	67.99
DKSH Market Expansion Services[1]	IDR	9,990,000	100
DKSH India Pvt. Ltd., Bombay-Mumbai	INR	100,000	100
DKSH Japan K.K., Tokyo	JPY	1,600,000	100
DKSH Market Expansion Services Japan K.K., Tokyo [1]	JPY	700,100	100
DKSH (Cambodia) Ltd., Phnom Penh [1]	KHR	4,320,000	100
DKSH Korea Ltd., Seoul [1]	KRW	30,000,000	100
Bosung Scientific Co., Ltd., Seoul	KRW	50,000	100
DKSH Performance Materials Korea Ltd., Seoul	KRW	9,000,000	100
DKSH (Myanmar) Ltd., Yangon [1]	MMK	10,000	100
DKSH Services Ltd., Yangon [1]	MMK	1,929,921	100
DKSH Smollan Field Marketing Myanmar Limited, Yangon	MMK	67,600	51
The Glory Medicine Ltd., Macao	MOP	120,000	100

Company name	Currency	Capital in thousands	Ownership and voting rights in %
Asia (continued)			
DKSH Malaysia Sdn Bhd., Petaling Jaya	MYR	50,000	74.31
DKSH Technology Sdn. Bhd., Kuala Lumpur [1]	MYR	5,000	100
The Famous Amos Chocolate Chip Cookie Corp (M) Sdn Bhd., Petaling Jaya	MYR	1,000	74.31
DKSH Luxury & Lifestyle (Malaysia) Sdn. Bhd., Kuala Lumpur [1]	MYR	335	100
DKSH Smollan Field Marketing (Malaysia) Sdn Bhd., Kuala Lumpur [1]	MYR	1,500	51
DKSH Food Services (Malaysia) Sdn Bhd., Kuala Lumpur	MYR	1,000	100
DKSH New Zealand Ltd., Auckland [1]	NZD	230	100
DKSH Performance Materials New Zealand Limited, Auckland	NZD	27,199	100
Edward Keller (Philippines) Inc., Manila	PHP	500,000	100
DKSH Philippines Inc., Manila	PHP	80,000	100
DKSH Market Expansion Services, Taguig City [1]	PHP	12,000	100
DKSH Singapore Pte Ltd., Singapore	SGD	20,998	100
Favorex Pte Ltd., Singapore	SGD	500	100
DKSH Smollan Field Marketing, Singapore [1]	SGD	1,020	51
DKSH Marketing Services Pte. Ltd., Singapore	SGD	10,000	100
Centurion Marketing Pte Ltd., Singapore	SGD	500	100
DKSH South East Asia Pte Ltd., Singapore	SGD	11,900	100
DKSH (Thailand) Ltd., Bangkok [1]	THB	200,000	75.55
The United Drug (1996) Co. Ltd., Bangkok [1]	THB	40,000	75.55
Diethelm Keller Logistics Ltd., Bangkok	THB	6,000	100
DKSH Smollan Field Marketing (Thailand) Limited, Bangkok	THB	5,100	51
SPC RT Co., Ltd., Bangkok	THB	3,000	99.99
DKSH Performance Materials (Thailand) Ltd., Bangkok	THB	20,000	100
DKSH Taiwan Ltd., Taipei [1]	TWD	300,000	100
DKSH Supply Chain Solutions (Taiwan) Ltd., Tao Yuan County	TWD	500,000	100
United International Drug Co. Ltd., Taipei [1]	TWD	5,000	100
Good Health Solutions International Co., Ltd. [1]	TWD	5,000	100
DKSH Vietnam Co. Ltd., Binh Duong [1]	USD	3,300	100

Company name	Currency	Capital in thousands	Ownership and voting rights in %
Asia (continued)			
DKSH Technology Co. Ltd (VND), Ho Chi Minh City [1]	USD	3,146	100
DKSH Pharma Vietnam Co, Ltd., Binh Duong	USD	500	100
DKSH Shanghai Ltd., Shanghai [1]	USD	200	100
DKSH (Shanghai) International Trade, Shanghai [1]	CNY	15,000	100
DKSH Performance Materials China Ltd., Shanghai	CNY	60,000	100
DKSH Laos Company Ltd. (LAK), Vientiane	USD	400	100
DKSH Smollan Field Marketing JSC, Ho Chi Minh City	VND	5,000,000	99
Europe			
DKSH Nordic A/S, Birkerod	DKK	500	100
DKSH France S.A., Miribel	EUR	2,400	100
DKSH GmbH, Hamburg	EUR	3,068	100
DKSH Luxury and Lifestyle Europe GmbH, Pforzheim [1]	EUR	5,000	100
DKSH Marketing Services Spain, S.A.U., Barcelona	EUR	648	100
America			
DKSH North America Inc., Baltimore	USD	500	100
DKSH Premium Brand Distribution Inc., Dover [1]	USD	750	100
The Terra Firma Company (DE), LLC., Maryland (MD)	USD	-	82.44

1 Direct investments of DKSH Holding Ltd., Zurich.

2 Investment of DKSH Smollan Field Marketing, Singapore.

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To the General Meeting of
DKSH Holding Ltd., Zurich

Zurich, February 8, 2023

Report of the statutory auditor

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of DKSH Holding Ltd. (the Company) and its subsidiaries (the Group), which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position as at December 31, 2022, 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 a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 54 to 120) give a true and fair view of the consolidated financial position of the Group as at December 31, 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (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.

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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.

Revenue recognition

Risk	Total net sales for the business year 2022 amount to CHF 11,320 million. Based on its business model, DKSH has different streams of revenues arising from different types of contracts with its customers. This requires contracts to be assessed regarding timing of revenue recognition and regarding gross/net accounting. The corresponding accounting policy is discussed in Note 2 (q) to the consolidated financial statements. Assessing whether an entity acts as a principal and accounts for a sales transaction on a gross basis or whether it acts as an agent of another party and therefore recognizes revenue on a net basis requires an analysis of various factors and involves significant judgment.
Our audit response	We evaluated Management's controls around the revenue recognition process and performed analytical review procedures in order to identify any material new revenue streams. On a sample basis, we reviewed agreements for unusual contract terms and agreed amounts recognized to underlying customer contracts, focusing on correct timing of revenue recognition and appropriate presentation (gross vs. net) based on Management's assessment regarding the principal vs. agent definition. Our audit procedures did not lead to any reservations concerning the recognition, measurement and presentation of the net sales.

Goodwill

Risk	As at December 31, 2022, DKSH reported CHF 590 million of goodwill. The carrying values of goodwill and other assets allocated to a cash-generating unit (CGU) are dependent on future cash flows. The determination of the recoverable amount is based on these cash flows and other assumptions such as discount rate and growth rate. The annual impairment testing process is complex, contains judgmental elements and includes assumptions that are affected by expected future market conditions. There is a risk that future cash flows may differ from estimated values. The assumptions, sensitivities and results of the impairment tests performed are disclosed in Note 15 to the consolidated financial statements.
Our audit response	We involved our valuation specialists in the audit of significant assumptions and methods that were used by Management, such as discount rates for each CGU and the valuation model applied to determine the recoverable amount of the CGUs. Furthermore, we evaluated DKSH's controls around the annual impairment test and tested related expected future cash flows and growth rates for each CGU. We assessed whether projected future cash flows were based on the strategic plan of the company as prepared by Management and approved by the Executive Board of the Group. We also assessed whether the disclosures of the assumptions applied and their sensitivity to the results of the impairment test in the notes to the financial statements are in compliance with IFRS. Our audit procedures did not lead to any reservations relating to goodwill.

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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 compensation 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 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)	Olga Semenova ACCA

Financial Statements DKSH Holding Ltd.

Income Statement

in CHF millions	Notes	2022	2021
Dividend income		268.5	167.1
Profit from sale of investments		27.2	14.5
Management fees income	3	43.5	-
Other operating income		0.6	0.1
Personnel expenses	2	(22.6)	(2.5)
Management fees expenses	3	(33.2)	-
Other operating expenses		(23.3)	(25.3)
Loss on sale of investments		(5.6)	(5.2)
Depreciation and valuation adjustments on non-current assets	7	(0.2)	(18.3)
Financial income		5.5	0.5
Financial expenses		(3.3)	(2.1)
Profit before tax		**257.1**	**128.8**
Income taxes		-	-
Profit after tax		**257.1**	**128.8**

Statement of Financial Position

in CHF millions	Notes	2022	2021
Cash and cash equivalents		24.4	95.1
Other receivables			
from third parties		0.2	0.1
from group companies		594.5	335.2
Accrued Income and prepaid expenses			
from third parties		1.5	0.4
from group companies		2.2	-
Investment held for sale		18.0	-
Current assets		**640.8**	**430.8**
Investments	7	357.1	389.3
Other non-current assets		0.2	-
Non-current assets		**357.3**	**389.3**
Total assets		**998.1**	**820.1**
Payables			
Non-trade payables to third parties		0.6	0.3
Non-trade payables to group companies		3.5	8.6
Deferred income and accrued expenses		15.3	0.8
Current liabilities		**19.4**	**9.7**
Interest bearing bank loans		40.0	-
Non-current liabilities		**40.0**	**-**
Total liabilities		**59.4**	**9.7**
Share capital	6	6.5	6.5
Legal reserves from capital contribution		2.8	2.8
Legal reserves from retained earnings		96.6	96.6
Legal reserve from retained earnings for treasury shares		-	5.0
Free reserves			
Retained earnings		582.8	570.7
Net Income		257.1	128.8
Treasury shares	6	(7.1)	-
Total equity		**938.7**	**810.4**
Total equity and liabilities		**998.1**	**820.1**

Notes to the Financial Statements

1. General

The financial statements of DKSH Holding Ltd. (the "Company") have been prepared in accordance with the provisions of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting and valuation principles applied as described below.

As per January 1, 2022, DKSH Management AG has legally merged with DKSH Holding AG. The corresponding merger gain of CHF 11.5 million has been allocated to the retained earnings.

The investments are recognized at the lower of cost or fair value, using generally accepted valuation principles.

An accrual, for share-based payment on the expected number of shares to be delivered in the future is recognized.

Treasury shares are recognized at acquisition cost and deducted from equity.

Leases are recognized in the profit and loss at the time of the payment.

2. Personnel Expenses

The personnel expenses include remuneration of employees and Board of Directors.

3. Management Fees

DKSH Holding bears the costs of services such as management, information technology, license fees, administrative and legal services provided by different group companies. These costs, as well as additional services provided by corporate level (such as group accounting, human resources, legal services, media relations, communication, and other back-office services), are subsequently charged to the individual group companies.

4. Number of Employees

The number of full-time positions does not exceed 50 employees. DKSH Holding AG did not have any employees in prior year.

5. Contingent Liabilities and Leases

The total of guarantees and commitments in favor of third parties and joint ventures amounted to CHF 268.9 million (2021: CHF 270.8 million) as of December 31, 2022.

DKSH Holding Ltd. belongs to the value-added tax group of its Swiss subsidiaries and therefore has a joint guarantee responsibility toward the Swiss Tax Authority.

Committed lease contract maturity table

in CHF millions	2022
Up to 12 months	0.3
Over 12 months	0.8

6. Equity

Share Capital

	Nominal value in CHF	Registered shares	Nominal value in CHF
Balance as of January 1, 2022	**0.1**	**65,042,963**	**6,504,296**
Balance as of December 31, 2022	**0.1**	**65,042,963**	**6,504,296**

Treasury shares

	Number of shares	Total carrying amount[1]
Balance as of January 1, 2021	**16,621**	**1,095**
Acquisitions	98,227	7,275
Allocations to employees	(46,531)	(3,323)
Balance as of December 31, 2021	**68,317**	**5,047**
Acquisitions	81,000	6,258
Allocations to employees	(57,540)	(4,254)
Balance as of December 31, 2022	**91,777**	**7,051**

[1] In CHF thousands.

Significant shareholders

Shareholdings in %	2022	2021
Diethelm Keller Holding Ltd., Switzerland	45.0	45.0
Black Creek Investment Management Inc., Canada	3.02	3.02

[1] For details see section Significant Shareholders of the Corporate Governance Report.

7. Investments

in CHF millions	2022	2021
As of January 1	**389.3**	**430.1**
Increase	5.1	27.7
Decrease	(37.1)	(50.2)
Valuation adjustment	(0.2)	(18.3)
As of December 31	**357.1**	**389.3**

The direct and principal indirect investments held by DKSH Holding Ltd. as of December 31, 2022:

Company name	Currency	Capital in thousands	Ownership and voting rights in %
Holding and management companies			
DKSH International Performance Materials Ltd., Zurich	CHF	500	100
DKSH China Holding Ltd., Hong Kong [1]	HKD	20,000	100
DKSH Corporate Shared Services Center Sdn. Bhd., Kuala Lumpur [1]	MYR	5,000	100
DKSH Holdings (Asia) Sdn Bhd., Kuala Lumpur [1]	MYR	30,000	100
DKSH Holdings (Malaysia) Bhd., Petaling Jaya	MYR	500,000	74.31
DKSH Holding Philippines, Inc., Manila [1]	USD	212	99
DKSH Holding (S) Pte Ltd., Singapore [1]	SGD	83,703	100
DKSH Management Pte Ltd., Singapore [1]	SGD	2,000	100
DKSH Management (Thailand) Ltd., Bangkok [1]	THB	10,000	100
Hahn Healthcare Holdings Pty Ltd., Sydney	AUD	10	100
Operating companies			
Switzerland			
DKSH Switzerland Ltd., Zurich [1]	CHF	20,000	100
DKSH International Ltd., Zurich [1]	CHF	700	100
Diethelm & Co Ltd., Zurich [1]	CHF	3,000	100
Medinova AG, Zurich [1]	CHF	250	100
Refarmed Chemicals SA (RC), Lugano	CHF	100	100
Ulfur Ltd., Malta	EUR	2,000	100
Asia			
DKSH Australia Pty Ltd., Hallam [1]	AUD	35,465	100
DKSH Grocery Connect Pty Ltd., Sydney	AUD	2	100
DKSH Performance Materials Operations Australia Pty Ltd., Melbourne	AUD	35,182	100
DKSH Agrisolutions Pty Ltd., Melbourne	AUD	1,400	100
Crossmark Australia Pty Ltd., Sydney	AUD	15,694	100
Sales Team Providers Pty Ltd., Sydney	AUD	-	100
DKSH Hong Kong Ltd., Hong Kong [1]	HKD	100,000	100
PT DKSH (Indonesia), Jakarta	IDR	180,755,650	100
PT DKSH Smollan Field Marketing, Jakarta	IDR	5,164,847	100
PT Wicaksana Overseas International Tbk, Jakarta [1]	IDR	695,652,184	67.99
DKSH Market Expansion Services[1]	IDR	9,990,000	100
DKSH India Pvt. Ltd., Bombay-Mumbai	INR	100,000	100
DKSH Japan K.K., Tokyo	JPY	1,600,000	100
DKSH Market Expansion Services Japan K.K., Tokyo [1]	JPY	700,100	100
DKSH (Cambodia) Ltd., Phnom Penh [1]	KHR	4,320,000	100
DKSH Korea Ltd., Seoul [1]	KRW	30,000,000	100
Bosung Scientific Co., Ltd., Seoul	KRW	50,000	100
DKSH Performance Materials Korea Ltd., Seoul	KRW	9,000,000	100
DKSH (Myanmar) Ltd., Yangon [1]	MMK	10,000	100
DKSH Services Ltd., Yangon [1]	MMK	1,929,921	100
DKSH Smollan Field Marketing Myanmar Limited, Yangon	MMK	67,600	51
The Glory Medicine Ltd., Macao	MOP	120,000	100

Company name	Currency	Capital in thousands	Ownership and voting rights in %
Asia (continued)			
DKSH Malaysia Sdn Bhd., Petaling Jaya	MYR	50,000	74.31
DKSH Technology Sdn. Bhd., Kuala Lumpur [1]	MYR	5,000	100
The Famous Amos Chocolate Chip Cookie Corp (M) Sdn Bhd., Petaling Jaya	MYR	1,000	74.31
DKSH Luxury & Lifestyle (Malaysia) Sdn. Bhd., Kuala Lumpur [1]	MYR	335	100
DKSH Smollan Field Marketing (Malaysia) Sdn Bhd., Kuala Lumpur [1]	MYR	1,500	51
DKSH Food Services (Malaysia) Sdn Bhd., Kuala Lumpur	MYR	1,000	100
DKSH New Zealand Ltd., Auckland [1]	NZD	230	100
DKSH Performance Materials New Zealand Limited, Auckland	NZD	27,199	100
Edward Keller (Philippines) Inc., Manila	PHP	500,000	100
DKSH Philippines Inc., Manila	PHP	80,000	100
DKSH Market Expansion Services, Taguig City[1]	PHP	12,000	100
DKSH Singapore Pte Ltd., Singapore	SGD	20,998	100
Favorex Pte Ltd., Singapore	SGD	500	100
DKSH Smollan Field Marketing, Singapore [1]	SGD	1,020	51
DKSH Marketing Services Pte. Ltd., Singapore	SGD	10,000	100
Centurion Marketing Pte Ltd., Singapore	SGD	500	100
DKSH South East Asia Pte Ltd., Singapore	SGD	11,900	100
DKSH (Thailand) Ltd., Bangkok [1]	THB	200,000	75.55
The United Drug (1996) Co. Ltd., Bangkok [1]	THB	40,000	75.55
Diethelm Keller Logistics Ltd., Bangkok	THB	6,000	100
DKSH Smollan Field Marketing (Thailand) Limited, Bangkok	THB	5,100	51
SPC RT Co., Ltd., Bangkok	THB	3,000	99.99
DKSH Performance Materials (Thailand) Ltd., Bangkok	THB	20,000	100
DKSH Taiwan Ltd., Taipei [1]	TWD	300,000	100
DKSH Supply Chain Solutions (Taiwan) Ltd., Tao Yuan County	TWD	500,000	100
United International Drug Co. Ltd., Taipei [1]	TWD	5,000	100
Good Health Solutions International Co., Ltd. [1]	TWD	5,000	100
DKSH Vietnam Co. Ltd., Binh Duong [1]	USD	3,300	100

Company name	Currency	Capital in thousands	Ownership and voting rights in %
Asia (continued)			
DKSH Technology Co. Ltd (VND), Ho Chi Minh City [1]	USD	3,146	100
DKSH Pharma Vietnam Co, Ltd., Binh Duong	USD	500	100
DKSH Shanghai Ltd., Shanghai [1]	USD	200	100
DKSH (Shanghai) International Trade, Shanghai [1]	CNY	15,000	100
DKSH Performance Materials China Ltd., Shanghai	CNY	60,000	100
DKSH Laos Company Ltd. (LAK), Vientiane	USD	400	100
DKSH Smollan Field Marketing JSC, Ho Chi Minh City	VND	5,000,000	99
Europe			
DKSH Nordic A/S, Birkerod	DKK	500	100
DKSH France S.A., Miribel	EUR	2,400	100
DKSH GmbH, Hamburg	EUR	3,068	100
DKSH Luxury and Lifestyle Europe GmbH, Pforzheim [1]	EUR	5,000	100
DKSH Marketing Services Spain, S.A.U., Barcelona	EUR	648	100
America			
DKSH North America Inc., Baltimore	USD	500	100
DKSH Premium Brand Distribution Inc., Dover [1]	USD	750	100
The Terra Firma Company (DE), LLC., Maryland (MD)	USD	-	82.44

[1] Direct investments of DKSH Holding Ltd., Zurich.
[2] Investment of DKSH Smollan Field Marketing, Singapore.

8. Shareholdings of Board of Directors and Executive Committee

Shareholdings by Members of the Board of Directors

As of December 31, 2022 and 2021, the following numbers of shares were held by members of the Board of Directors and/or parties closely associated with them.

Number of shares held	2022	2021
Marco Gadola	9,500	7,000
Dr. Wolfgang Baier	-	-
Jack Clemons	1,000	1,000
Dr. Frank Ch. Gulich (up to March 17, 2022)	n/a	3,066
Adrian T. Keller	58,026	58,026
Andreas W. Keller	18,366	18,366
Prof. Dr. Annette G. Köhler	150	150
Dr. Hans Christoph Tanner	1,166	1,166
Eunice Zehnder-Lai	1,600	1,600
Total	**89,808**	**90,374**

Shareholdings by Members of the Executive Committee

As of December 31, 2022 and 2021, the following numbers of shares were held by members of the Executive Committee and/or parties closely associated with them.

Number of shares held	Shares	Unvested PSUs[1]	2022	2021
Stefan P. Butz	73,213	59,304	132,517	113,815
Bernhard Schmitt[2]	n/a	n/a	n/a	57,009
Natale Capri	10,383	16,756	27,139	22,329
Dan Culverhouse[3]	n/a	n/a	n/a	1,784
Hanno Elbraechter	4,411	4,830	9,241	7,981
Stephen Ferraby	11,849	13,000	24,849	21,061
Martin Frech	3,186	8,230	11,416	8,754
Antoine Mangin	-	12,280	12,280	8,703
Sam Oh (from March 4, 2022)	-	6,064	6,064	n/a
Terry Seremetis	-	10,556	10,556	6,404
Laurent Sigismondi	1,539	5,588	7,127	4,960
Bijay Singh	11,536	18,788	30,324	25,277
Thomas Sul	10,132	14,342	24,474	19,594
Ido Wallach	677	7,475	8,152	2,494
Total	**126,926**	**177,213**	**304,139**	**300,165**

[1] Granted unvested PSUs see description of LTIP.
[2] The employment contract of Bernhard Schmitt has been terminated as of December 31, 2021.
[3] The employment contract of Dan Culverhouse has been terminated as of August 31, 2022.

9. Share-based Payments

Every year performance share units (PSU) are granted to eligible key managers by, and at the full discretion of, the Board of Directors.

Number of PSUs allocated for the period 2022-2024	**2022**
Executive Committee employed by DKSH Holding Ltd.	20,824
Other employees of DKSH Holding Ltd.	2,173
Total	**22,997**

Proposal Appropriation of Available Earnings

The Board of Directors proposes the following appropriation of available earnings at the Ordinary General Meeting:

in CHF	2022
Retained earnings	
Retained earnings brought forward	566,319,002
Release of legal reserves from retained earnings for treasury shares	5,047,014
Merger gain	11,455,081
Retained earnings as of December 31, 2022	**582,821,097**
Profit after tax	257,140,730
Total available earnings	**839,961,827**
Distribution of an ordinary dividend of CHF 2.15 per registered share (As per December 31, 2022 64,951,186 shares are entitled to dividends)	139,645,050
To be carried forward	700,316,777

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To the General Meeting of
DKSH Holding Ltd., Zurich

Zurich, February 8, 2023

Report of the statutory auditor

Report on the audit of the financial statements

Opinion
We have audited the financial statements of DKSH Holding Ltd. (the Company), which comprise the income statement, the statement of financial position as at December 31, 2022 and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 128 to 136) comply with Swiss law and the Company's articles of incorporation.

Basis for opinion
We conducted our audit in accordance with Swiss law 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 financial statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, 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 financial statements of the current period. These matters were addressed in the context of our audit of the 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 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 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 financial statements.

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Valuation of investments

Risk	DKSH Holding Ltd. is the parent company of DKSH Group. As at December 31, 2022 investments amount to CHF 357 million and represent 36% of total assets. Corresponding disclosure can be found in Notes 1 and 7 to the financial statements. The Company assessed that the carrying amount of the investments is supported by their value-in-use calculation on the basis of budgeted future cash flows. Due to the significance of the carrying values for investments and the judgment involved in performing the value-in-use calculation, this matter was considered significant to our audit.
Our audit response	We assessed the valuation methods and input parameters used by Management and reperformed the value-in-use calculation for the investments. In addition, we assessed investments for impairment and presentation and disclosure requirements. Our audit procedures did not lead to any reservations concerning the valuation of the investments.

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 and the compensation report and our auditor's reports thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the 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 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 financial statements.

A further description of our responsibilities for the audit of the 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 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 financial statements according to the instructions of the Board of Directors.

Furthermore, we confirm that the proposed appropriation of available earnings complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Simon Zogg Licensed audit expert (Auditor in charge)	Olga Semenova ACCA

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