

Annual Report 2021



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.

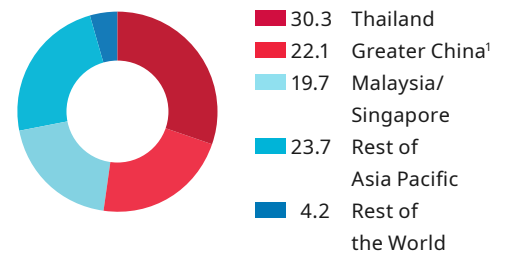
Performance Materials

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.

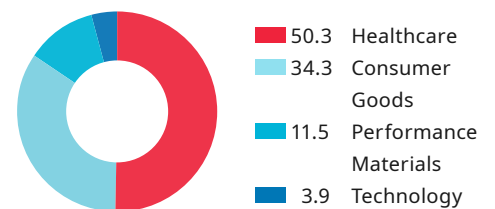
Technology

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

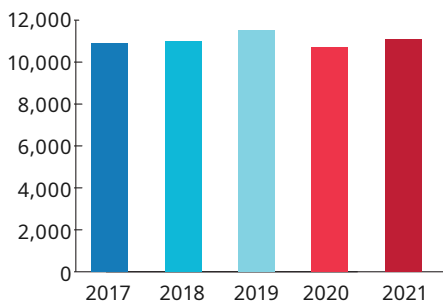
Net sales 2021 by region in %



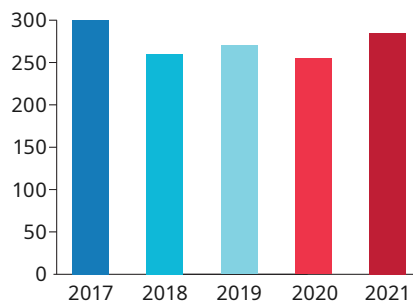
Net sales 2021 by Business Unit in %



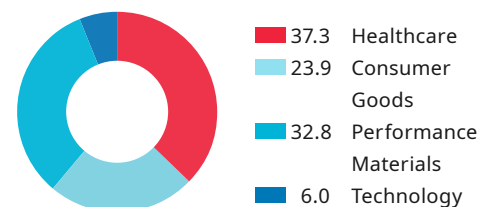
Net sales in CHF millions (2017-2021)



EBIT in CHF millions (2017-2021)



EBIT 2021 by Business Unit² in %



¹ Thereof Mainland China 2.0%.

² Excl. segment "Other".

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Letter to Shareholders



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

Dear shareholders,

In 2021, the COVID-19 pandemic continued to impact industries and businesses were put to the test. We successfully navigated these challenges, delivered a strong operational performance and strengthened our leading position in Asia Pacific by expanding our relationships with clients and customers across Business Units.

We are pleased to report strong results in 2021. Net sales, EBIT, and profit after tax showed impressive performance. In addition, Free Cash Flow grew strongly by 24.5% to CHF 261.6 million, which allowed us to maintain our progressive dividend policy. These strong results are a direct consequence of the disciplined execution of our strategy.

In early 2021, we were entrusted by the Thai Government with the storage and distribution of the first COVID-19 vaccines in Thailand. Overall, in the Asia Pacific region, DKSH has distributed over 80 million doses. This is a tangible ex-

ample of how we carry out our purpose to enrich people's lives by providing access to goods, services, and insights.

All Business Units leveraged on technologies to drive client and customer connectivity. Accordingly, eCommerce net sales grew double-digit and exceeded CHF 300 million for the first time.

In 2021, we established a new Sustainability Framework in alignment with the United Nations' Sustainable Development Goals, building on three pillars: Our People – Our Partners – Our Planet. The Framework embodies our purpose as a company and provides a clear commitment to measuring, improving, and reporting on relevant sustainability topics. We established a clear governance structure for the management of Sustainability at DKSH, and expanded our targets, such as the reduction of our own carbon emissions by 35% by 2025. In addition, our continued efforts to strengthen our company culture of trust and empowerment were reflected in our most recent employee engagement score.

Strong Performance Across Business Units

Business Unit Healthcare delivered results ahead of last year's levels with an acceleration of performance during the second half. Despite the impact of COVID-19 on the healthcare industry in Asia, the lockdowns seen in the third quarter, and the situation in Myanmar, DKSH expanded its outsourcing services as well as business development, and successfully closed the acquisitions of MedWorkz (Singapore) and Hahn Healthcare (Australia).

Business Unit Consumer Goods improved profitability strongly. The transformation of the Fast Moving Consumer Goods segment is well on track. EBIT increased double digit for the third consecutive year benefitting from a leaner and more agile structure, consistent strategy execution across markets and ongoing product portfolio rationalization. Demand for Luxury and Lifestyle products increased, albeit from low levels. The Swiss watch brand Maurice Lacroix further improved results.

Business Unit Performance Materials posted double-digit sales and EBIT growth. The strong technical expertise, value-added services, wide market coverage, and focus on digital marketing helped overcome supply chain constraints. The industrial business increased sharply and the life sciences business (Food & Beverage, Personal Care, and Pharmaceutical) performed well across key markets. In addition, DKSH successfully closed the acquisitions of SACOA (Australia), Right Base Chemicals (China), and HTBA (Spain), thereby taking further steps toward consolidating the specialty chemicals distribution industry in Asia Pacific and Europe.

Business Unit Technology grew sales organically and through the Bosung acquisition in Korea. EBIT was slightly behind last year as pandemic-related movement restrictions impacted the service business and resulted in product mix shifts. The Business Unit is on track with implementing its focus strategy and digital transformation.

Capitalizing on Our Proven Business Model

One of the most important pillars of our strategy is to capitalize on the promising trends in Asia Pacific and increased outsourcing to deliver organic growth exceeding GDP. Acquisitions represent a key growth engine to do this. In 2021, we accelerated our M&A activities with seven acquisitions.

We are also committed to pursuing our progressive dividend policy. Based on a strong financial performance, especially in terms of cash generation, the Board of Directors proposes an ordinary dividend of CHF 2.05 per share to the next Ordinary General Meeting. The proposed dividend represents a CHF 0.10 increase versus last year, or a growth of 5.1%. Pending approval by the next Ordinary General Meeting, the payment date for the dividend is set to start on March 23, 2022 (record date: March 22, 2022; ex-dividend date: March 21, 2022).

While we hope to see the pandemic behind us, 2022 already shows some signs of continued constraints. We look forward to a return to normality and are confident our robust business model will support our performance in turbulent waters, just like we navigated 2021.

For 2022, we expect an EBIT above last year's, assuming economic growth in Asia Pacific and stable currencies. A robust business model, large share of daily consumption items, and strong balance sheet provide resilience and offer growth opportunities. The Group will continue developing its business through disciplined strategy implementation, digitalization, sustainability, and M&As, while focusing on operational excellence and cost discipline. Beyond short-term uncertainties, DKSH remains confident about Asia's long-term potential and is well-positioned to benefit from favorable market, industry, and consolidation trends.

Changes in the Board of Directors

Dr. Frank Ch. Gulich, who joined the Board of Directors in 2001 (in a predecessor company), will not stand for reelection at the next Ordinary General Meeting to take place on March 17, 2022. The Board of Directors thanks Dr. Frank Ch. Gulich warmly for his longstanding and valuable contributions and wishes him all the best in his future endeavors. The Board of Directors will propose Dr. Hans Christoph Tanner, who is already a member of DKSH's Board of Directors, to join the Nomination and Compensation Committee.

We would like to thank our partners, employees and shareholders for their trust and look forward to continuing our cooperation in 2022.

Sincerely yours,



Marco Gadola
Chairman



Stefan P. Butz
CEO

DKSH Share Information

Share price and market capitalization		
in CHF	2021	2020
Share price (end of period) ¹	75.30	66.55
High ¹	77.95	67.75
Low ¹	66.25	41.00
Market capitalization in CHF millions (end of period) ¹	4,898	4,329
Dividend per share	2.05 ²	1.95

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	2021
Diethelm Keller Holding AG, 8008 Zurich, Switzerland	45.0
FIL Limited, Pembroke, Bermuda	4.96
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 CER¹	
in CHF millions	2021	2020	Change in %	Change in %	
Net sales	11,106.3	10,742.2	3.4	5.4	
Core operating profit (EBIT) ²	283.4	257.5	10.1	12.5	
Operating profit (EBIT)	284.6	257.5	10.5	13.0	
Profit after tax	230.1	164.8	39.6	43.1	

Consolidated Statement of Financial Position			
in CHF millions		December 31, 2021	December 31, 2020
Total assets		5,347.4	5,118.0
Equity attributable to the shareholders of DKSH Holding Ltd.		1,808.8	1,738.4
Net operating capital (NOC)		1,489.9	1,388.9
Net cash		367.3	342.2
Return on net operating capital (RONOC) (in %)		19.8	18.1
Return on equity (ROE) (in %)		12.4	9.0

Earnings per Share			
in CHF		2021	2020
Basic earnings per share		3.45	2.42
Diluted earnings per share		3.44	2.41

Other			
		December 31, 2021	December 31, 2020
Headcount		33,099	33,931
Full-time equivalents		31,453	32,447

¹ Constant exchange rates (CER): 2021 figures converted at 2020 exchange rates.

² Excl. gain on sale to aCommerce (CHF 10.3 million) and non-recurring share of loss in associate (CHF -9.1 million).

Sustainability

We take responsibility for our environmental, social, and economic impact to account for present and future needs.

In the 19th century, our founders built trading relationships between businesses in Asia and Europe, bridging cultures and bringing people together. Today, our business employs around 33,100 people. What has not changed over all the last 150 years, however, is our business purpose: Enriching people's lives.

For us, simply delivering products is not enough. Of equal importance is how we conduct our business and what impacts our activities have on our stakeholders. Providing access to markets and products as well as generating jobs is what we have always done, and by doing this in a reliable and responsible way, we contribute to the development of markets and communities as well as to the United Nations Sustainable Development Goals.

Sustainability Governance

At DKSH, governance in sustainability matters is assumed by the Board of Directors of DKSH Holding Ltd. by setting the strategic direction for the DKSH Group and exercising oversight on strategy execution, in line with the Group's values and its sustainability policy and associated commitments.

The Executive Committee is tasked with strategy execution, assisted by a Sustainability Committee made up of representatives of Business Units and support functions (such as Supply Chain Management, Human Resources, Communication and Regulatory Affairs) for the planning, coordination, monitoring, and reporting of sustainability activities and initiatives.

In the recent past, aligned with our corporate purpose, we have made Sustainability one of our company values and we bring it to life through our Sustainability Framework focusing on three pillars.

Our People

As a people-driven company, we seek to be an attractive employer known for our commitment to developing our talent. Built as an international business from the outset, we have always embraced diversity as one of our success factors and continue to strongly believe in the benefits of collaborating with people from different backgrounds and with different ways of thinking. We are committed to attracting and retaining talent by offering a safe and supportive work environment that respects human rights and enables our people to grow and fully develop their potential.

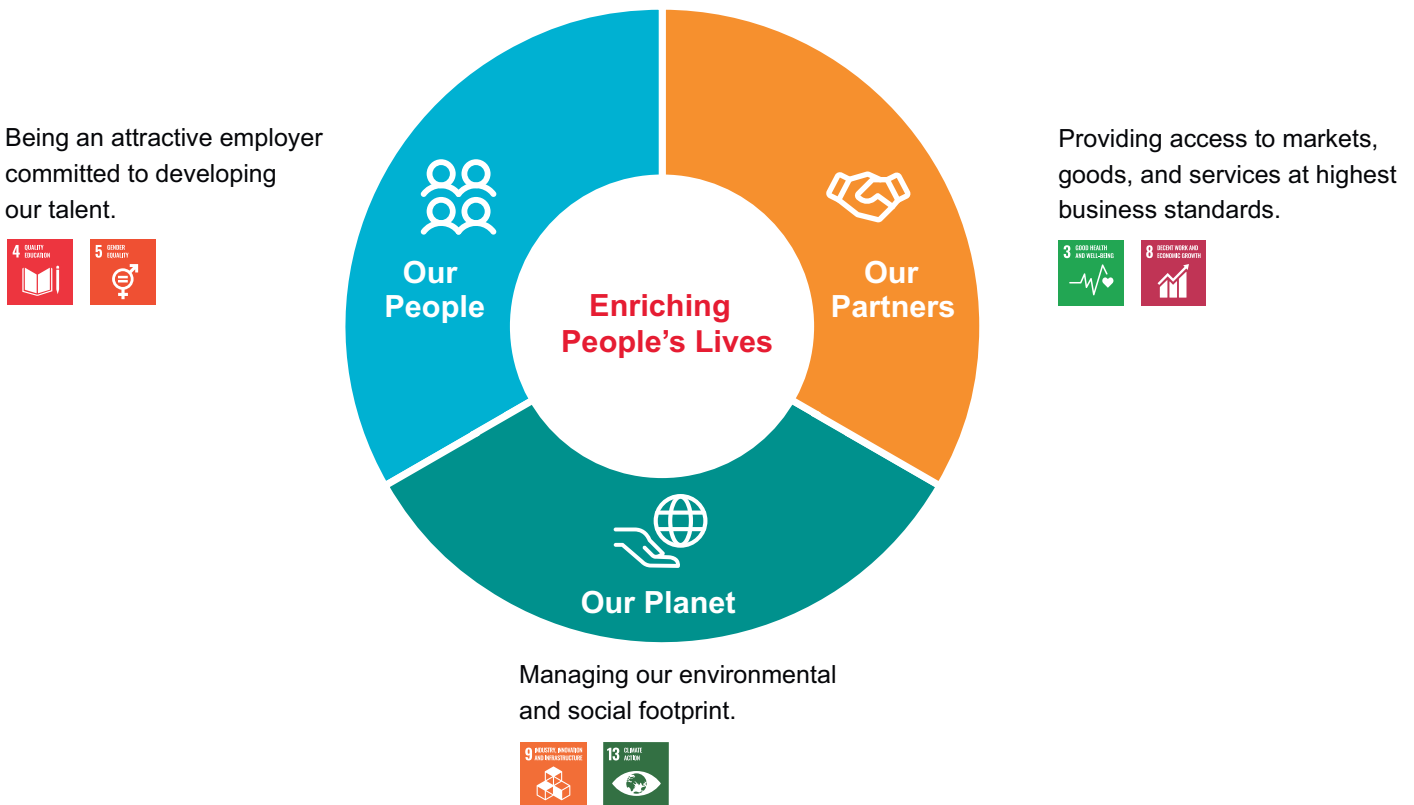
Our Partners

Our business delivers growth for companies in new or existing markets. We partner with clients who seek our services, such as distribution, marketing or sourcing, based on our aim of delivering service excellence. We never compromise on the quality and safety of the products we are responsible for and go the extra mile to ensure their availability for our customers and consumers. Our business is built on integrity, trust and reliability, and we are therefore committed to responsible procurement. We expect the same high standards from our business partners.

Our Planet

We acknowledge that businesses must play their part and be mindful of their environmental and societal impacts. We are committed to managing our environmental impacts through adequate operational measures and to becoming carbon-neutral in our own operations by 2030. Focusing on the markets in which we operate, we continue to be an active supporter of the local communities.

Our Sustainability Framework



Our Commitments and Targets

The recently introduced Sustainability Framework reflects our purpose of enriching people's lives and provides a clear commitment to measuring, improving, and reporting on relevant sustainability topics. It also links our actions and initiatives to the United Nations Sustainable Development Goals. To bring Sustainability to life, our Sustainability Framework and the related targets focus on three pillars:

Our People



Developing our Talent

- Expanding training reach and events with a focus on blended learning
- Increase managerial bench strength
- Continue reducing voluntary attrition rate

Embracing Diversity

- Increase representation of females in senior leadership
- Increase representation of locals in market leadership teams
- Train >90% of our managers on diversity awareness

Offering a Supportive Work Environment

- Expand Human Rights guidelines and frameworks
- Establish an employee engagement survey and improve engagement

Our Partners



Procuring Responsibly

- Launch a sustainable procurement policy and related training
- Establish a roadmap to assess suppliers

Delivering Service Excellence

- 100% of relevant sites have a Business Continuity Plan in place
- Strengthen health and safety approach to achieve zero high-consequence injuries
- >95% of employees complete business ethics training

Our Planet



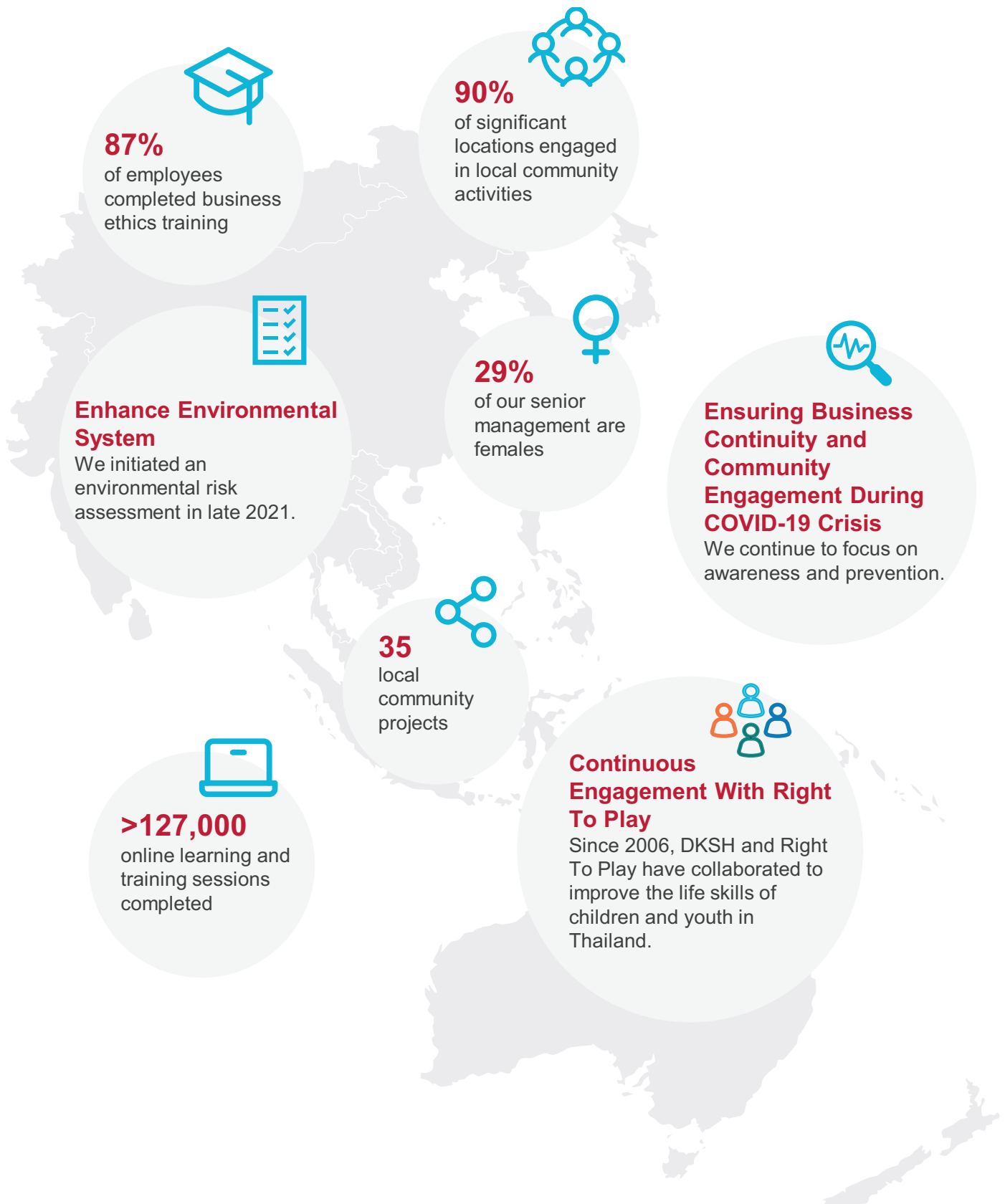
Managing our Environmental Impact

- Reduce our own CO₂ emissions by 35% by 2025
- Achieve climate-neutrality in our own operations by 2030
- Create transparency on waste and expand eco-friendly packaging

Being an Active Community Member

- >90% of significant locations engage in local community activities

Sustainability Highlights 2021



... read more about our progress in our next edition of the Sustainability Report, which will be published in mid-2022.

Corporate Governance

In overseeing an international company operating in 36 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, 2021, 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 of 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, 2021, the Company's market capitalization amounted to CHF 4,898 million (65,042,963 marketable shares at CHF 75.30 per share).

On December 31, 2021, 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
- 68,317 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 74.3% 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, 2021, DKSH Holdings (Malaysia) Berhad's market capitalization amounted to MYR 756.8 million (157,658,076 ordinary shares at MYR 4.80 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 held a 64.9% participation on December 31, 2021, 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, 2021, PT Wicaksana Overseas International Tbk's market capitalization amounted to IDR 525 billion (1,268,950,977 ordinary shares at IDR 414 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, (iii) headcount and (iv) share capital.

Significant Shareholders

Under the Swiss Federal Act on Stock Exchanges and Securities Trading (SESTA), 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, 2021, the Company does not have any cross-shareholdings of a reciprocal 5% of capital or voting rights with any other company.

Significant shareholders	Shareholdings in % ¹
Diethelm Keller Holding AG, 8008 Zurich, Switzerland ²	45.0
FIL Limited, Pembroke, Bermuda ³	4.96
Black Creek Investment Management Inc. ("Black Creek"), 123 Front Street, Suite 1200, M5J 2M2, Toronto, Ontario, Canada ³	3.02

¹ 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.

² Information as of December 31, 2021, according to the notification filed with the Company until and including December 31, 2021. By virtue of a shareholders' agreement dated December 6, 2011 (as amended) (relating to the registered shares in DKH Holding AG), 16 members of the families of Andreas W. Keller, Adrian T. Keller, and Jean-Daniel de Schaller constitute the Family Pool. Decisions of the Family Pool, in particular decisions on the voting of the DKH Holding AG shares, are delegated to a certain Family Council, consisting of Andreas W. Keller, CH-8126 Zumikon, Adrian T. Keller, CH-8702 Zollikon, and Jean-Daniel de Schaller, CH-8126 Zumikon. The Family Pool's indirect shareholding in the Company is controlled through the Family Pool's direct shareholding in Diethelm Keller Group AG, Zurich, Switzerland (in which the Family Pool directly owns 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).

³ Information as of December 31, 2020, according to the notification filed with SIX Swiss Exchange until and including December 31, 2021. In addition, information on disclosures by significant shareholders as to the Company under the Swiss Financial Market Infrastructure Act until and including December 31, 2021, can be found on the website of SIX Swiss Exchange under www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#.

2. Capital Structure

Share Capital

As of December 31, 2021, 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, 2021, the Company does not have any authorized share capital.

Conditional Share Capital

As of December 31, 2021, 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 2021 is presented in Note 27 to the Consolidated Financial Statements.

Shares and Participation Certificates

As of December 31, 2021, 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, 2021, the Company held 68,317 treasury shares.

As of December 31, 2021, the Company has not issued any non-voting equity securities, such as participation certificates (Partizipationsscheine).

Profit Sharing Certificates (Genussscheine)

As of December 31, 2021, 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 2021.

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 Swiss Intermediated Securities Act (Bucheffectengesetz). 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.

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

Change in capital over the past three years	2019	2020	2021
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

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 cancellation 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 2021, no such request was made, and thus no exception was made.

Convertible Bonds and Options

As of December 31, 2021, 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, 2021.

Name	Function	Committee membership	Director since	Expiry date
Marco Gadola	Chairman		2020	2022
Adrian T. Keller	Member	Nomination and Compensation Committee, Mergers and Acquisitions Committee	2002	2022
Dr. Wolfgang Baier	Member		2019	2022
Jack Clemons	Member	Audit Committee, Mergers and Acquisitions Committee	2019	2022
Dr. Frank Ch. Gulich	Member	Nomination and Compensation Committee	2009	2022
Andreas W. Keller	Member		2002	2022
Prof. Dr. Annette G. Köhler	Chair	Audit Committee	2018	2022
Dr. Hans Christoph Tanner	Chair	Mergers and Acquisitions Committee, Audit Committee (Member)	2011	2022
Eunice Zehnder-Lai	Chair	Nomination and Compensation Committee	2018	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 of Calida Holding AG and MCH Group AG, as well as a member of the Board of Directors of Straumann Holding AG, AVAG Anlage und Verwaltungs AG, Tally Weijl Holding AG, FC Basel 1893 AG, and FC Basel Holding AG. He is also an investment advisor of MTIP and 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. 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. 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. From 2006 until 2015, 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 Firststream 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 is 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.



Dr. Frank Ch. Gulich

(1963, Swiss)

Dr. Frank Ch. Gulich has been a member of the Board of Directors of DKSH since 2009 and is currently a member of the Nomination and Compensation Committee. From 2003 until 2014, he was CEO of the holdings of the Stephan Schmidheiny family and since 2014, Chairman. Between 2000 and 2002, he was CEO of the Mueller-Moehl Group and member of the Board of Ascom AG, COS AG, and SiberHegner, a predecessor company of DKSH. Dr. Frank Gulich worked for the Stephan Schmidheiny family in various positions from 1993 onward. Between 1988 and 1991, he was a management consultant at Management Partners GmbH in Stuttgart, Germany. Dr. Frank Gulich is currently Chairman of Daruna Holding AG, Daros AG, Dareal Holding AG, and Aneba Holding AG, as well as a member of the Board of Directors of Azuera Holding AG, Globec AG, Unotec Beteiligungen AG, Manova Holding AG, and of the Ernst Göhner Stiftung Beteiligungen AG. He holds a Doctorate in Law (Dr. iur.) from the University of Zurich in Switzerland and obtained an MBA at 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 Hogue, Keller, Witmann & Co., New York, a NASD-registered investment advisor and securities brokerage firm. In addition to holding various family business-related Board seats, Adrian Keller serves as Vice-Chairman on the Board of Directors of Bergos AG, and is Chairman of Baur & Cie, a family real estate company, and of Edak AG. On a pro bono basis, he is a member of the Board of the Tonhalle Gesellschaft, Zurich, serves on the Advisory Board of the University of St. Gallen, and is a member of the Executive Board of the Swiss American Foundation. 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. At Right To Play, an NGO in support of children, he is a member of the Global Leadership Council. 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 Supervisory Board, Nomination Committee, Remuneration Control Committee, and Audit Committee of HVB UniCredit Bank AG (since May 2014), 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 and currently chairs the Mergers and Acquisitions Committee, and is a member of the Audit Committee. He is a member of the Board of CureVac NV, Amsterdam (NASDAQ:CVAC); Paion AG, Aachen (FRA:PA8); 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 (SIX:COPN), and from 2015 to 2020, CFO of Cassiopea SpA, Lainate (SIX:SKIN). From 1998 to 2002, he was with A&A Investment Management, and 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 Zurich, Madrid, and Los Angeles and then, headed UBS AG's corporate finance and capital markets activities in Zurich from 1992 to 1998. 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 is Vice-Chairman at Geberit Group, and a member of the Board of Directors of Julius Baer Group (since 2019). She is also member of the Board of Trustees of Asia Society Switzerland (since 2016), of Asia Society, New York (USA), and of Insights for Education (since 2021). Furthermore, she is the President of the Board of Trustees of the Friends of Asia Society Switzerland Arts and Culture Foundation. 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 Board members 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 article 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 article 15 of the Articles of Association and in compliance with the Ordinance, 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 article 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 Swiss Code of Obligations 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 selects the members of the Board Committees (other than the members of the Nomination and the 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. 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 2021, the lead audit partner attended two meetings of the Audit Committee. The Audit Committee's Chairman 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 are directly elected by the shareholders 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 Board of Director's meeting after the Ordinary General Meeting. Accordingly, its current members are Dr. Eunice Zehnder-Lai (Chair), Dr. Frank Ch. Gulich, 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 Executive Committee members.

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 Chairman, 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 Chairman 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 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.

Board meetings 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 Board meeting, 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 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 Board meetings (including the preparation of the agenda), chairing the Board 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 2021. 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 shareholders' 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 Chairman 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 of Board meetings and Board Committee meetings of each member of the Board of Directors and the Executive Committee, and the meeting time in 2021.

Attendance per Board meeting Through 2021

	February 8 ¹ 14:00–18:00	March 18 ¹ 12:15–14:05	May 19 16:25–18:30	May 20 08:30–18:30	July 14 ¹ 14:00–15:00	September 8 14:00–18:45	September 9 08:15–16:30	December 15 09:00–17:15
Marco Gadola, Chairman	•	•	•	•	•	•	•	•
Dr. Wolfgang Baier	•	•	• ¹	• ¹	-	• ¹	• ¹	09:00–10:00 ¹
Jack Clemons	•	•	•	•	•	•	•	• ¹
Dr. Frank Ch. Gulich	•	•	• ¹	• ¹	•	•	•	•
Adrian T. Keller	•	•	•	•	•	•	•	•
Andreas W. Keller	•	•	•	•	•	•	•	•
Prof. Dr. Annette G. Köhler	•	•	•	•	•	•	•	•
Dr. Hans Christoph Tanner	•	•	•	•	•	•	•	•
Eunice Zehnder-Lai	•	•	•	•	•	•	•	• ¹

¹ Via conference call.

Attendance Executive Committee Members

Stefan P. Butz	14:15–17:45	12:15–14:05	16:25–18:15	08:30–18:15	14:00–15:00	14:00–18:45	08:15–16:30	09:00–16:45
Natale Capri	-	-	16:30–17:30	11:30–12:15	-	-	08:15–09:00	-
Dan Culverhouse	-	-	-	15:55–16:25	-	-	10:00–10:45	-
Hanno Elbraechter	-	-	-	12:15–12:45	-	-	09:00–09:30	-
Stephen Ferraby	14:25–14:40	-	-	13:45–14:25	-	-	10:45–11:30	-
Martin Frech	-	-	-	08:30–18:00	-	14:15–17:45	08:15–15:45	10:00–16:15
Antoine Mangin	-	-	17:30–18:00	16:40–17:25	-	-	13:50–14:50	-
Bernhard Schmitt	14:15–17:30	12:55–13:10	-	08:30–18:00	14:00–15:00	-	08:15–09:00	-
Terry Seremetis	-	-	-	09:15–10:15	-	16:45–17:45	-	-
Laurent Sigismondi	14:15–17:30	12:15–14:05	16:25–17:30	08:30–18:15	14:00–15:00	14:00–18:45	08:15–16:30	09:00–16:15
Bijay Singh	-	-	-	10:15–11:15	-	17:45–18:45	-	-
Thomas Sul	-	-	16:30–17:30	11:30–12:15	-	-	08:15–09:00	-
Ido Wallach	-	-	-	-	14:00–15:00	14:00–18:45	08:15–16:30	09:00–16:15

Attendance per Audit Committee Meeting Through 2021

	February 8 ¹ 10:00–13:00	May 19 13:30–15:30	July 14 ¹ 13:00–14:00	September 8 08:00–10:15	December 14 15:00–17:45
Prof. Dr. Annette G. Köhler	•	•	•	•	•
Dr. Hans Christoph Tanner	•	•	•	•	•
Jack Clemons	•	•	•	•	• ¹
Marco Gadola (as guest)	10:00–12:30	13:30–14:20	-	•	15:00–17:00
Simon Zogg (Lead auditor)	•	-	-	-	•

¹ Via conference call.

Attendance Executive Committee Members

Stefan P. Butz	10:00–12:30	13:30–14:20	•	•	15:00–17:00
Bernhard Schmitt	•	•	•	-	-
Laurent Sigismondi	-	-	13:25–13:45	•	•
Ido Wallach	-	-	•	•	•

Attendance per Nomination and Compensation Committee Meeting Through 2021

	February 8 ¹ 12:00–14:00	May 19 14:20–15:30	September 8 ¹ 10:45–11:45	December 14 17:30–18:30
Eunice Zehnder-Lai	•	•	•	•
Dr. Frank Ch. Gulich	•	•	•	•
Adrian T. Keller	•	•	•	•
Marco Gadola (as guest)	•	•	•	•

¹ Via conference call.

Attendance Executive Committee Members

Stefan P. Butz	•	•	•	•
Antoine Mangin	-	•	•	•

Attendance per Merger & Acquisitions Committee Meeting Through 2021

	February 8 ¹ 09:15–10:00	March 5 ¹ 10:00–10:45	May 19 15:30–16:00	August 30 ¹ 08:00–09:00	September 8 13:00–14:00	October 20 08:00–09:00	December 14 14:00–14:45
Dr. Hans Christoph Tanner	•	•	•	•	•	•	•
Jack Clemons	•	•	•	•	•	•	•
Adrian T. Keller	•	•	•	•	•	•	•
Marco Gadola (as guest)	•	•	•	•	•	•	•

¹ Via conference call.

Attendance Executive Committee Members

Stefan P. Butz	•	•	•	•	•	•	•
Natale Capri	-	-	-	•	•	•	-
Stephen Ferraby	•	•	•	•	•	•	•
Bernhard Schmitt	•	•	•	•	•	•	•
Laurent Sigismondi	•	•	•	•	•	•	•
Thomas Sul	-	-	-	•	•	•	-
Ido Wallach	-	-	-	•	•	•	-

Board of Directors and Executive Committee: Areas of Responsibilities

The Board of Directors exercises 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 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.

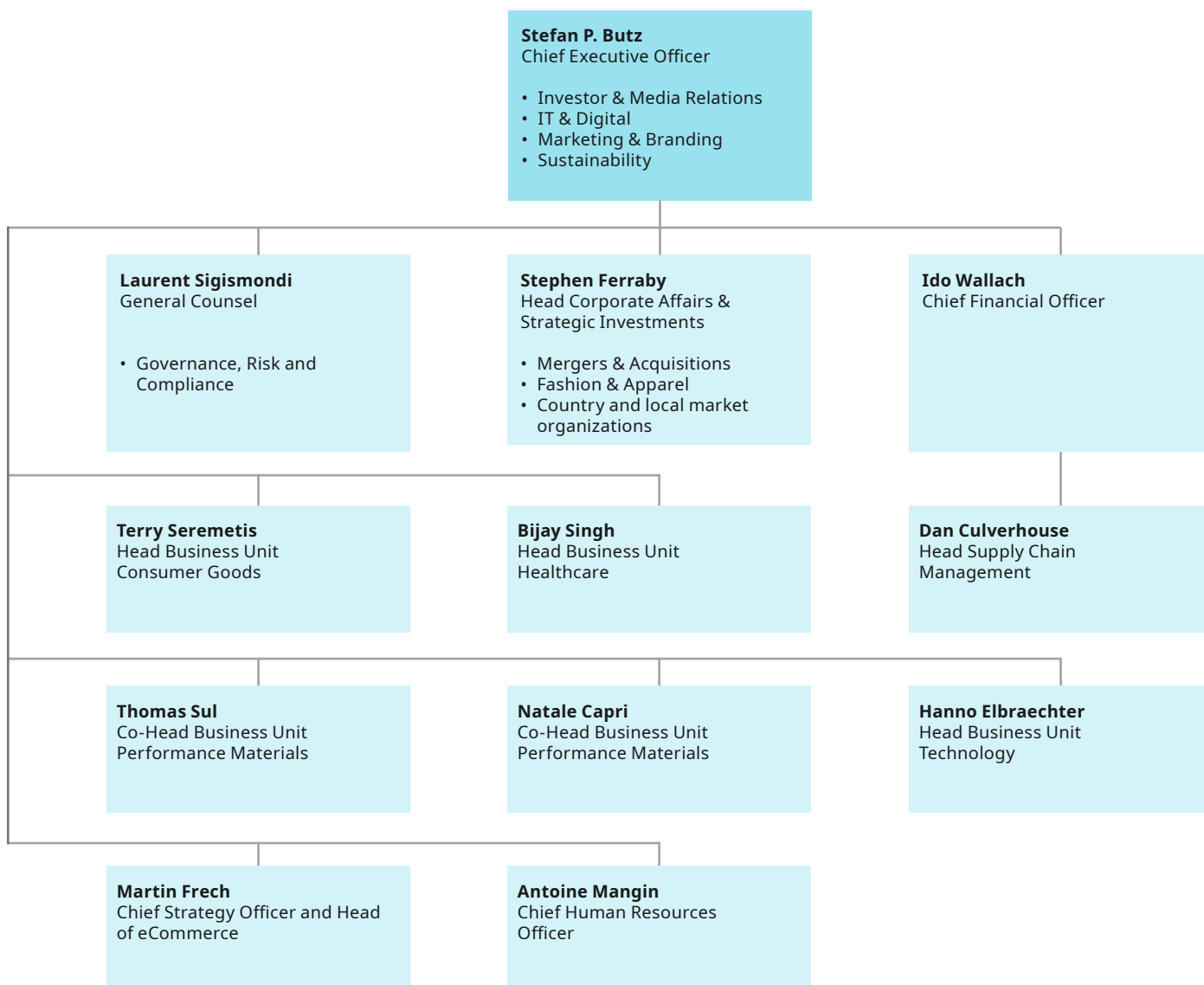
The Audit Committee defines and evaluates the most important risks of the Group in a process based on a detailed risk catalog. As a general principle, risks are assessed, monitored, and mitigated in a decentralized manner where risks originate, i.e., directly in the business or in the various functional 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 during each 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 functions 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 Audit Committee meeting. 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 General Counsel, the Head of Corporate Affairs & Strategic Investments, the Chief Human Resources Officer, the Head Supply Chain Management, the Chief Strategy Officer & Head of eCommerce, and the Business Unit Heads.





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 an 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 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.



Dr. Natale Capri

(1970, Italian)

Dr. Natale Capri has been Co-Head Business Unit Performance Materials and a member of the DKSH Executive Committee since November 2013. Dr. 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. Dr. Capri holds a PhD in Organic Chemistry from the Milan University and an MBA from SDA Bocconi School of Management, both Italy.



Dan Culverhouse

(1968 , British)

Dan Culverhouse joined DKSH in January 2018 and was appointed Head of Supply Chain Management in October 2018. He has been instrumental in aligning the Supply Chain Management team according to a transformative agenda to drive the Business Units' strategic direction, operational excellence, and cost management, as well as to modernize DKSH's 160 distribution centers. Dan Culverhouse has 25 years of Supply Chain Management experience with organizations such as M.H. Alshaya, TCC Global, and Tesco Group across various countries including Kuwait, Turkey, Czech Republic, Slovakia, Korea, and the UK.



Hanno Elbraechter

(1980, German)

Hanno Elbraechter has been Head Business Unit Technology and a member of the Executive Committee since September 2014. In this role, Hanno Elbraechter oversees 1,600 specialists (1,590 FTE) in 18 markets across Asia. Before joining DKSH, he spent more than ten years at Deckel Maho Gilde-meister (DMG) from 2004 to 2014 and was appointed as CEO Asia of DMG in 2009. He is a member of the Board of Directors at Datacolor AG (SIX: DCN) 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, responsible for Mergers & Acquisitions, Country Organizations as well as Fashion & Apparel, Food & Beverage retailing, and Luxury & Lifestyle in Asia. 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. 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. Martin Frech has more than 20 years of experience in senior strategy positions in Europe, Asia, and the US with organizations such as Mondelez International, the Hershey Company, and Accenture. 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. He will continue to ensure DKSH's talents and capabilities remain fit for the future, in line with the strategic business direction, as well as to evolve DKSH's culture and modernize the employee experience. Antoine Mangin brings 22 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 France.



Terry Seremetis

(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 regional responsibility for 16 countries. He also led Mars Consolidated Distributor Management and 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.



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 is also a member of the Executive Committee since July 2019. He heads DKSH's Legal and, since July 2019, the Governance, Risk and Compliance departments. 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 Executive Committee of the Swiss Association of Inhouse Counsels (VSUJ) and 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.



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.



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.

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 article 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 2021, 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 on transferability and nominee registrations, see section Limitations on 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 his/her 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 persons. He/she remains entirely responsible for performing his/her duties. The Independent Shareholder Representative is obliged to exercise the voting rights assigned to him/her by the shareholders in accordance with their instructions. If he/she does not receive any instructions, he/she abstains 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, of the Swiss Code of Obligations;
- (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 Commercial Gazette 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

In accordance with article 6 of the Articles of Association, a purchaser of shares in the Company must submit a public takeover offer, pursuant to Art. 32 of the Federal Stock Exchange and Securities Trading Act ("SESTA"), 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 (Art. 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 pe-

riod. 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 2021, was confirmed at the Ordinary General Meeting in 2021, with the declaration of acceptance dated March 1, 2021. The appointment of the auditor is for one year and is renewed annually. EY have been auditors of the Company for eleven 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 2021 amounted to CHF 2.4 million.

Additional Fees

In addition to the auditing fees mentioned above, the statutory auditors charged an amount of CHF 0.4 million in 2021. This included tax services and other audit-related services in various markets.

Additional fees EY - 2021	CHF
Tax advisory services	221,250
Other audit-related services	131,660
Total	352,910

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 held on the scheduled date;
- (iv) benchmark analysis of the audit fees; and
- (v) independence as defined by relevant rules of the Swiss Audit Oversight Act (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, refer to section Internal Organization.

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 two 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/investors/investors-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 2021 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 rules regarding information and reporting specified under the SIX Swiss Exchange Regulation's Directive.

10. Quiet Periods (General Blackout Periods)

Pursuant to article 3.5 of the Group's Policy on Insider Trading, no Insider¹ shall trade in DKSH Securities² (irrespective of whether or not the Insider has Insider Information³) during the period beginning 10 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 Management Ltd.
Wiesenstrasse 8, 8034 Zurich, Switzerland
+41 44 386 7272
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 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 2021.

This report is written in accordance with the provisions of the Swiss Ordinance against Excessive Remuneration in Public Corporations (the Ordinance), the standards related to information on Corporate Governance 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 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 these 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.

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 2016. 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.

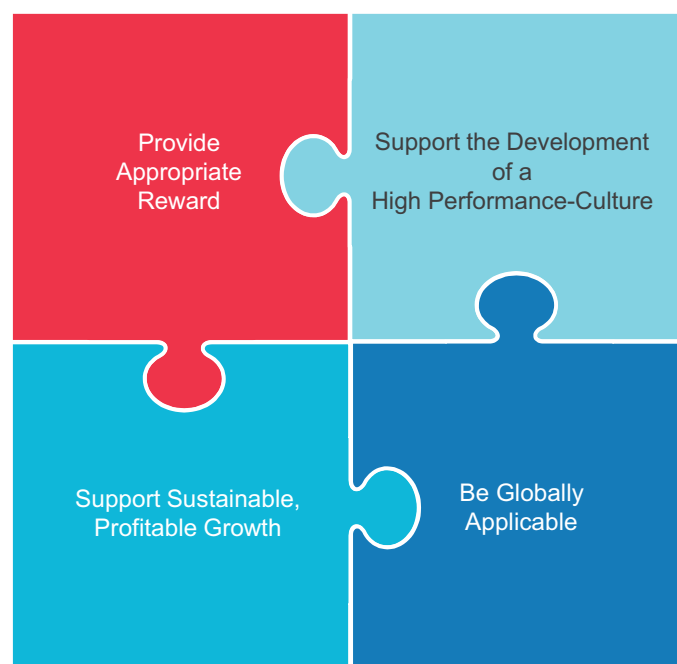
(ii) Duration of employment contracts, loans, credit-facilities, and post-employment benefits: The Company (or companies controlled by it) may enter into contracts with members of the Board of Directors as to their compensation for a fixed term of one year. Similarly, the contracts of employment with 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 credit. 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 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, 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 (Singapore). This consulting firm has no other mandates from DKSH. The remuneration analysis performed at that time was conducted on the basis of a peer group comprising relevant companies of

a similar scale and geographic presence, headquartered in Switzerland or Singapore. The study, together with other published data, was used to determine the target remuneration levels of the CEO and other members of the Group Executive Committee for the financial year 2021. 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 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 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 ESG (Environmental, Social and Governance) KPI (Key Performance Indicators). Financial KPI are set, inter alia, on Business Unit level for EBIT (Earnings before Interest and Taxes) and on Group level for RONOC (Return on Net Operating Capital, 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 KPI 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 PAT (Profit After Tax), and RONOC achievements on Group level. For Business Unit Heads, the Financial KPI includes EBIT and NOC days achievements on Business Unit level (40% and 20% respectively), and EBIT achievements on Group level (20%). For other Function Heads, Financial KPI includes 40% to 80% 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 30% for other Function Heads.

In 2021, the weighted average of all Executive Committee members' Financial KPI was 81.4%. For Individual KPI, the weighted average was 13.6%, and for ESG KPI, 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 fiscal year 2021, annual variable pay for individual members of the Executive Committee ranged from 14.4% to 41.2% of their total compensation. On average, annual variable pay in 2021 for all members of the Executive Committee was 30.2% of total compensation. This entrepreneurial approach ensures the alignment of the interests of the CEO and Executive Committee members 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 DKSH Group with the possibility 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 interest of the key managers and the DKSH Group.

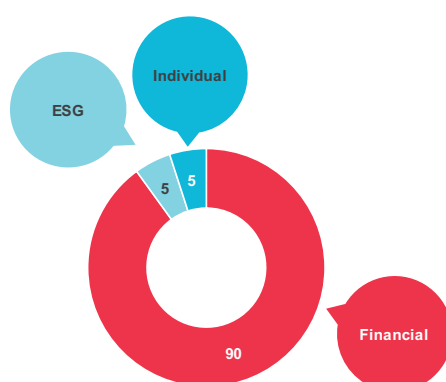
Every business year, a number of performance share units (PSU) shall be granted to eligible key managers by, and at the full discretion of the Board of Directors; the number of PSU is individually defined for each key manager. In principle, each PSU is an entitlement to a maximum of 1.5 shares of the Company, provided certain performance targets are achieved during the three-year performance period. 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 2021 to 2023, 87 eligible key managers participate in the LTIP.

The Company's long-term performance plan for the performance cycle 2021–2023 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 period, a 20% weighting linked to the share price measured as the average of the 20 days' closing share price prior to the end of the three-year performance period, and

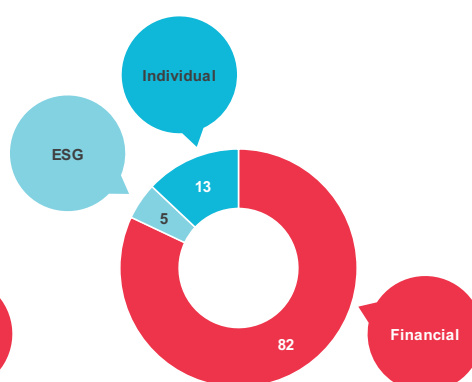
Average KPI weighting for AVP

(in %)

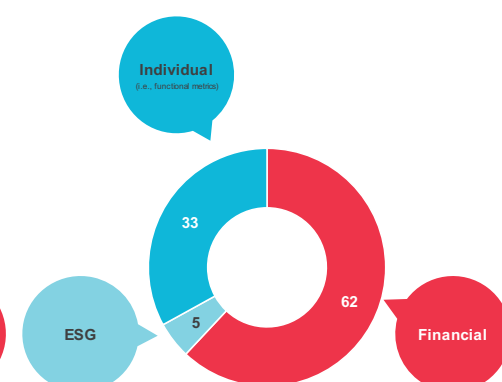
CEO and CFO



Business Unit Heads



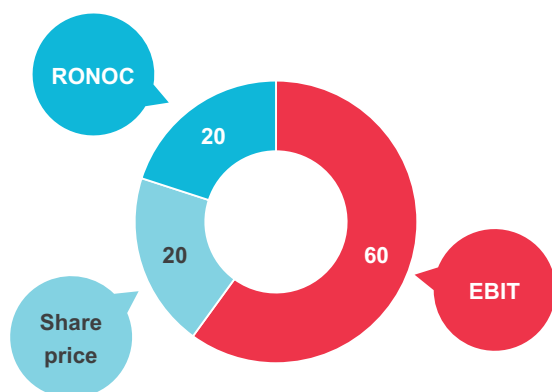
Other Function Heads



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 period (jointly the Vesting Multiple). For performance cycles prior to 2020, the Company's long-term performance is gauged by a 65% weighting linked to the EBIT of the DKSH Group as reported in the Company's last Annual Report prior to the end of the three-year performance period, and a 35% weighting linked to the share price measured as the average of the 20 days' closing share price prior to the end of the three-year performance period. At the end of a three-year performance period, the number of PSU vesting shall be calculated by multiplying the number of granted PSU per key manager with the Vesting Multiple.

Weighted Percentage of LTIP Criteria

(2021 – 2023 Performance Cycle)



Furthermore, shares may be allocated only following the end of a three-year performance period subject to predetermined performance conditions. If a key manager terminates their employment contract during a performance period or if the employment contract is terminated by the employer for cause, the PSU shall lapse without any compensation.

If the employment agreement 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 PSU of the key manager shall be adjusted pro rata based on the number of days elapsed between the first date of the performance period and the "Date of Termination" compared with the full Performance Period, rounded up to the nearest full number of PSU. The cancelled PSU shall be deemed forfeited, without any right for compensation, on the Date of Termination.

In case of death, disability or retirement, the PSU 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 PSU 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 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 2020, 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 (from 13.05.2020)	525	0	11	536
Adrian T. Keller	Chairman (up to 13.05.2020)	375	19	11	405
Dr. Wolfgang Baier	Member	150	0	11	161
Jack Clemons	Member	150	50	11	211
Dr. Frank Ch. Gulich	Member	150	30	11	191
Andreas W. Keller	Member	150	11	11	172
Prof. Dr. Annette G. Köhler	Member	150	66	5	221
Dr. Hans Christoph Tanner	Member	150	59	11	220
Eunice Zehnder-Lai	Member	150	50	11	211
Total		1,950	285	93	2,328

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 140,000.

² 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 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
Variable compensation – 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.

For the year 2020, the members of the Executive Committee received the following compensation:

in CHF thousands	Stefan P. Butz CEO ¹	Other 9 members of the Executive Committee ²	Total ³
Fixed compensation	1,000	3,360	4,360
Variable compensation – cash	862	1,911	2,773
Value of performance share units at grant (LTIP) ⁴	1,247	2,142	3,389
Allowances	106	940	1,046
Pension/Social security contribution ⁵	178	357	535
Total	3,393	8,710	12,103

¹ Highest individual total compensation in 2020.

² These amounts include the remuneration paid to Michael Hutab in connection with the termination of his employment contract (agreement dated December 14, 2020), except for the monthly payments of his salary (incl. allowances and social security contributions) in 2021. Michael Hutab remained a member of the Executive Committee until February 28, 2021.

³ All amounts are gross amounts (i.e., before deduction of social security and income tax due by the executives).

⁴ On February 7, 2020, the Board of Directors approved a slight change in the vesting conditions of the LTIP Performance Cycle 2017-2019. The fair value of the additional shares vested according to such decision amounts to CHF 84,000 (corresponding to 1,657 DKSH shares) and is included in the table.

⁵ In compliance with the Ordinance, mandatory employer social security contributions of CHF 11,900, 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 180,600.

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

During 2021, no compensation has been paid to neither former members of the Board of Directors nor other 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, 2021, and as of December 31, 2020, 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 Executive Committee member is required to own at least a minimum multiple of her/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 an Executive Committee member. The Nomination and Compensation Committee reviews compliance with the share ownership guideline on an annual basis. During 2021 all members of the Executive Committee fulfilled the share ownership requirements.

Shareholdings by members of the Board of Directors:

Number of shares held	2021	2020
Marco Gadola	7,000	6,017
Dr. Wolfgang Baier	-	-
Jack Clemons	1,000	1,000
Dr. Frank Ch. Gulich	3,066	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	90,374	89,391

Shareholdings by members of the Executive Committee:

Number of shares held	Shares	Unvested PSUs ¹	2021	2020
Stefan P. Butz	48,740	65,075	113,815	101,442
Bernhard Schmitt ²	57,009	-	57,009	60,576
Natale Capri	5,899	16,430	22,329	18,234
Dan Culverhouse (from 01.03.2021)	-	1,784	1,784	n/a
Hanno Elbraechter	2,617	5,364	7,981	6,546
Stephen Ferraby	7,365	13,696	21,061	18,113
Martin Frech (from 01.03.2021)	1,033	7,721	8,754	n/a
Michael Hutab	n/a	n/a	n/a	4,678
Antoine Mangin (from 01.03.2021)	-	8,703	8,703	n/a
Terry Seremetis	-	6,404	6,404	3,176
Laurent Sigismondi	1,000	3,960	4,960	3,238
Bijay Singh	5,258	20,019	25,277	20,464
Thomas Sul	5,844	13,750	19,594	16,031
Ido Wallach (from 01.07.2021)	-	2,494	2,494	n/a
Total	134,765	165,400	300,165	252,498

¹ Granted unvested PSUs see description of LTIP.

² The employment contract of Bernhard Schmitt has been terminated on December 31, 2021.

Stock ownership requirements

(multiple of annual fixed salary, in %)



7. Additional Fees, Compensation, and Loans

Apart from the benefits listed in this 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, 2021, no loans, advances, or credits had been granted by the Group or by any of its subsidiary companies 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, 2022

Report of the statutory auditor on the compensation report

We have audited the compensation report of DKSH Holding Ltd. for the year ended December 31, 2021. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables on pages 42 to 43 and page 44 of the compensation report.



Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the compensation report in accordance with Swiss law and the Ordinance. The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.



Auditor's responsibility

Our responsibility is to express an opinion on the compensation report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the compensation report complies with Swiss law and articles 14 – 16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the compensation report with regard to compensation, loans and credits in accordance with articles 14 – 16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the compensation report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of compensation, as well as assessing the overall presentation of the compensation report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Opinion

In our opinion, the compensation report for the year ended December 31, 2021 of DKSH Holding Ltd. complies with Swiss law and articles 14 – 16 of the Ordinance.

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 2021 and provides an outlook for DKSH's future.

Summary

DKSH reported strong results in 2021. Net sales grew by 3.4% to CHF 11.1 billion, EBIT reached CHF 284.6 million, 10.5% higher than the previous year and Free Cash Flow rose by 24.5% to CHF 261.6 million.

Thanks to the disciplined implementation of our strategy, DKSH achieved strong results considering continued restrictions due to the Covid 19 pandemic. DKSH reported organic sales growth across all Business Units.

Acquisitions remain a key element of DKSH's strategy. In 2021, DKSH successfully executed seven acquisitions. In Business Unit Healthcare we acquired the Singaporean Med-Workz and Hahn Healthcare in Australia, in Consumer Goods the Australian STP, and in Technology, the South Korean life science distributor Bosung. In Business Unit Performance Materials, we saw most M&A traction, as we acquired HTBA in Spain and SACOA in Australia, as well as signed the acquisition of Right Base Chemicals in China. With a healthy project pipeline of potential transactions across markets and Business Units, acquisitions will continue to play a pivotal role in our strategy, supporting the consolidation of our leading position and expansion of our presence in new markets.

Digitalization is at the heart of DKSH's strategy and digitalization initiatives continued to be developed in all Business Units aimed to capitalize on new technologies, targeting increasing efficiencies and higher service levels to our clients and customers. Additionally, the efforts in eCommerce continue to pay off, as sales online continued to grow at double-digit rates.

Net Sales and EBIT Grew Strongly

Net sales grew by 3.4% to CHF 11.1 billion in 2021 from CHF 10.7 billion one year earlier. Organic growth contributed the most with 4.6%, ahead of the weighted GDP of 3.2%. Acquisitions added 0.8% and the impact of exchange rates was -2.0%, mainly from the devaluation of the Thai Baht and Myanmar Kyat in the period.

EBIT reached CHF 284.6 million, 10.5% higher than 2020. It includes a gain on sale to aCommerce (CHF 10.3 million) and non-recurring share of loss in associate (CHF -9.1 million), both allocated in Business Unit Consumer Goods. EBIT margin reached 2.6% versus 2.4% in 2020, mainly due to an improvement in the gross profit margin and continued cost control.

Business Units

Healthcare

Business Unit Healthcare delivered results ahead of last year's level with an acceleration of performance during the second half. Despite the impact of COVID-19 on the healthcare industry in Asia and the situation in Myanmar, DKSH expanded its outsourcing services as well as business development, and successfully closed the acquisitions of MedWorkz and Hahn Healthcare.

Consumer Goods

Business Unit Consumer Goods improved profitability strongly, with EBIT margins reaching the 2.2% mark again. It includes a gain on sale to aCommerce (CHF 10.3 million) and a non-recurring share of loss in associate (CHF -9.1 million). The transformation of the Fast Moving Consumer Goods segment is proceeding successfully. Thanks to the ongoing product portfolio rationalization, EBIT increased double-digit for the third consecutive year, benefitting from a leaner and more agile structure and consistent strategy execution across markets. Demand for Luxury and Lifestyle products increased, albeit from low levels. The Swiss watch brand Maurice Lacroix further improved results.

Performance Materials

Business Unit Performance Materials posted double-digit sales and EBIT growth. The strong technical expertise, value-added services, wide market coverage, and focus on digital marketing helped overcome supply chain constraints and shortages. The Industrial business increased sharply, and the Life Sciences business (Food & Beverages, Personal Care, and Pharmaceutical) performed well across key markets. In addition, DKSH successfully closed the acquisitions of SACOA (Australia), Right Base Chemicals (China), and

HTBA (Spain), thereby taking further steps toward consolidating the specialty chemicals distribution industry in Asia Pacific and Europe.

Technology

Business Unit Technology grew sales organically and through the Bosung acquisition in Korea. The EBIT of CHF 21.1 million was slightly behind last year, as pandemic related movement restrictions impacted the service business and resulted in product mix shifts. The Business Unit is on track with the implementation of its focused strategy and digital transformation.

Other (Non-Business Unit)

Other expenses reached CHF 66.8 million in 2021 from CHF 50.4 million. These expenses are not allocated to Business Units and primarily include corporate service expenses.

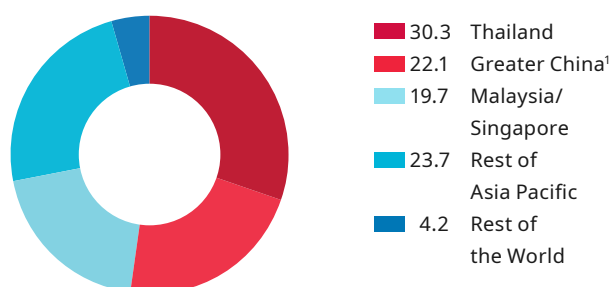
Regional Performance

At constant exchange rates, net sales in DKSH's largest country, Thailand, grew mid-single-digit due to a slight improvement in movement restrictions compared to 2020 and better demand for healthcare services. Net sales in the Greater China region grew low single-digit at constant exchange rates, with all four market of Hong Kong, Mainland China, Taiwan, and Macau contributing. Net sales in the Malaysia/Singapore region slightly increased. The rest of Asia Pacific grew high-single-digit, driven by organic improvements and first time M&A contributions.

Strong Cash Generation

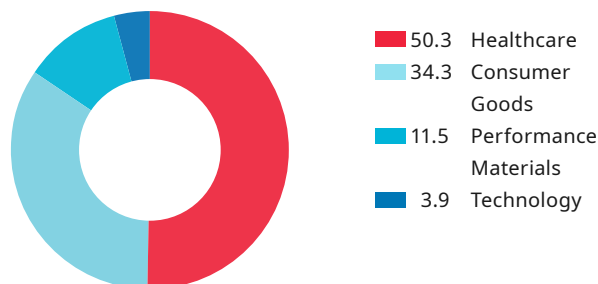
Free Cash Flow reached CHF 261.6 million compared to CHF 210.2 million in 2020. The cash conversion rate in 2021 stood at 134.8% (Incl. gain on sale to aCommerce (CHF 10.3 million) and a non-recurring share of loss in associate (CHF -9.1 million) as well as fair value revaluation of aCommerce of (CHF 34.8 million)) versus 127.5% in 2020. Apart from the strong EBIT growth, lower working capital requirements added CHF 48.4 million to cash generation, while Capex increased by CHF 13.9 million, from very low levels in 2020.

Net sales 2021 by region in %



¹ Thereof Mainland China 2.0%

Net sales 2021 by Business Unit in %



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

Solid Balance Sheet

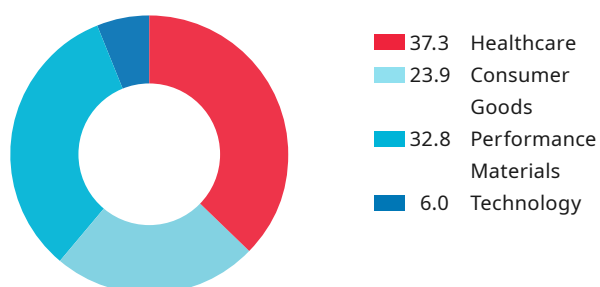
DKSH operates a strong and asset-light Balance Sheet. The net cash position amounted to CHF 367.3 million in 2021, versus CHF 342.2 million one year earlier.

Group				At CER ¹
in CHF millions	2021	2020	Change in %	Change in %
Net sales	11,106.3	10,742.2	3.4	5.4
Operating profit (EBIT) ²	284.6	257.5	10.5	13.0
Healthcare				
in CHF millions	2021	2020	Change in %	Change in %
Net sales	5,586.3	5,424.1	3.0	5.3
Operating profit (EBIT)	130.9	129.8	0.8	5.2
Consumer Goods				
in CHF millions	2021	2020	Change in %	Change in %
Net sales	3,808.3	3,827.6	(0.5)	1.8
Operating profit (EBIT) ²	84.0	64.6	30.0	30.2
Performance Materials				
in CHF millions	2021	2020	Change in %	Change in %
Net sales	1,281.4	1,108.0	15.6	15.9
Operating profit (EBIT)	115.4	91.7	25.8	27.3
Technology				
in CHF millions	2021	2020	Change in %	Change in %
Net sales	430.3	382.5	12.5	13.3
Operating profit (EBIT)	21.1	21.8	(3.2)	(2.8)

¹ Constant exchange rates (CER): 2021 figures converted at 2020 exchange rates.

² Incl. gain on sale to aCommerce (CHF 10.3 million) and non-recurring share of loss in associate (CHF -9.1 million).

EBIT 2021 by Business Unit² in %



² Excl. segment "Other"

Outlook

While visibility on the evolution of the pandemic remains limited, DKSH is optimistic that 2022 will bring a return to some form of normality and an improved economic outlook. A robust business model, large share of daily consumption items and strong balance sheet provide resilience and offer growth opportunities. DKSH is convinced that we will emerge stronger from last year's challenges. The Group will continue developing its business through disciplined strategy implementation, digitalization, sustainability and M&As, while focusing on operational excellence and cost discipline.

DKSH expects EBIT growth in 2022. The outlook assumes economic growth in Asia Pacific, exchange rates at current levels, and barring unforeseen events. DKSH is 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 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::

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)	

2020 by Business Unit in CHF millions	2020	Organic	M&A	FX	2019
Healthcare	5,424.1	(308.5)	-	(282.3)	6,014.9
Consumer Goods	3,827.6	(178.1)	121.7	(237.0)	4,120.9
Performance Materials	1,108.0	35.8	117.0	(56.3)	1,011.5
Technology	382.5	(36.6)	7.6	(20.4)	431.9
Group Total	10,742.2	(487.4)	246.3	(596.0)	11,579.2
in % of 2019		(4.2)	2.1	(5.1)	

Core Operating Profit (EBIT)

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

2021 by Business Unit in CHF millions	Operating profit (EBIT)	Gain on sale of intangible assets	Non-recurring share of loss in associates	Core operating profit (EBIT)
Healthcare	130.9	-	-	130.9
Consumer Goods	84.0	(10.3)	9.1	82.8
Performance Materials	115.4	-	-	115.4
Technology	21.1	-	-	21.1
Other/Elimination	(66.8)	-	-	(66.8)
Group Total	284.6	(10.3)	9.1	283.4

2020 by Business Unit in CHF millions	Operating profit (EBIT)	Gain on sale of intangible assets	Non-recurring share of loss in associates	Core operating profit (EBIT)
Healthcare	129.8	-	-	129.8
Consumer Goods	64.6	-	-	64.6
Performance Materials	91.7	-	-	91.7
Technology	21.8	-	-	21.8
Other/Elimination	(50.4)	-	-	(50.4)
Group Total	257.5	-	-	257.5

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	2021	2020
Profit after tax	230.1	164.8
Non-recurring share of loss in associates	9.1	-
Sale of distributions rights	(10.3)	-
Income from financial instruments	(34.8)	(9.6)
Core profit after tax	194.1	155.2

The income 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	2021	2020
Net cash flows from operating activities	393.2	325.3
Repayment leases	(76.6)	(74.0)
Purchase of property, plant and equipment	(44.8)	(31.2)
Purchase of intangible assets	(10.2)	(4.5)
Purchase of financial assets ¹	-	(5.4)
Free cash flow	261.6	210.2

¹ Deposit paid to acquire a license for healthcare products currently under development/approval process.

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	2021	2020	2019
Total assets	5,347.4	5,118.0	5,353.0
Financial assets	(29.2)	(68.5)	(62.2)
Cash and cash equivalents	(673.7)	(680.8)	(592.6)
Total liabilities	(3,461.0)	(3,318.4)	(3,518.4)
Current borrowings	204.3	121.2	63.9
Non-current borrowings	102.1	217.4	215.8
Net operating capital (NOC)	1,489.9	1,388.9	1,459.5

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	2021	2020	2019
Operating Profit (EBIT)	284.6	257.5	-
Net operating capital (NOC)	1,489.9	1,388.9	1,459.5
Average NOC current and previous period	1,439.4	1,424.2	-
Return on net operating capital (RONOC)	19.8%	18.1%	-

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	2021	2020
Profit attributable to the shareholders of DKSH Holding Ltd.	223.9	157.1
Equity attributable to the shareholders of DKSH Holding Ltd.	1,808.8	1,738.4
Return on equity (ROE)	12.4%	9.0%

Equity Ratio

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

in CHF millions	2021	2020
Total equity	1,886.4	1,799.6
Total assets	5,347.4	5,118.0
Equity ratio	35.3%	35.2%

Net Cash

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

in CHF millions	2021	2020
Cash and cash equivalents	673.7	680.8
Current borrowings	(204.3)	(121.2)
Non-current borrowings	(102.1)	(217.4)
Net cash	367.3	342.2

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Consolidated Income Statement

in CHF millions ¹	Notes	2021	2020
Net sales	4	11,106.3	10,742.2
Other income	5	33.3	32.2
Goods and materials purchased and consumables used		(9,469.3)	(9,201.2)
Employee benefit expenses	6	(738.3)	(695.5)
Depreciation and amortization	15/17/18	(128.2)	(129.2)
Other operating expenses	7	(513.3)	(494.8)
Share of profit and loss of associates and joint ventures	19/20	(5.9)	3.8
Operating profit (EBIT)		284.6	257.5
Financial income	8	35.9	10.7
Financial expense	8	(15.6)	(39.8)
Loss on sale of subsidiaries	30	-	(5.5)
Profit before tax		304.9	222.9
Income tax expenses	9	(74.8)	(58.1)
Profit after tax		230.1	164.8
Attributable to			
Shareholders of DKSH Holding Ltd.		223.9	157.1
Non-controlling interest		6.2	7.7
Earnings per share for profit attributable to the shareholders of DKSH Holding Ltd.			
Basic earnings per share	28	3.45	2.42
Diluted earnings per share	28	3.44	2.41

¹ Except for earnings per share (in CHF).

Consolidated Statement of Comprehensive Income

in CHF millions	2021	2020
Profit after tax	230.1	164.8
Other comprehensive income		
Net investment hedges, net of tax of CHF 0.0 million in current and prior period	(0.2)	(4.9)
Currency translation differences	(29.2)	(82.8)
Items that may be reclassified to profit or loss	(29.4)	(87.7)
Remeasurements on defined benefit plans, net of tax of CHF 1.6 million in current and CHF 3.9 million in prior period	4.7	14.1
Net losses on equity instruments at fair value through other comprehensive income, net of tax of CHF 0.0 million in current and CHF 0.2 million in prior period	(0.2)	(0.6)
Items that will not be reclassified to profit or loss	4.5	13.5
Other comprehensive income	(24.9)	(74.2)
Total comprehensive income	205.2	90.6
Attributable to		
Shareholders of DKSH Holding Ltd.	199.2	87.8
Non-controlling interest	6.0	2.8

Consolidated Statement of Financial Position

in CHF millions at December 31	Notes	2021	2020
Cash and cash equivalents	10	673.7	680.8
Trade receivables	11	2,049.1	2,015.9
Inventories	13	1,164.4	1,151.8
Prepaid expenses and contract assets	14	31.7	43.6
Other receivables	16	348.6	358.9
Current income tax receivables		30.2	24.7
Current assets		4,297.7	4,275.7
Intangible assets	15	394.8	295.3
Property, plant and equipment	17	155.6	138.7
Right-of-use assets	18	273.9	222.7
Financial assets	12	29.2	68.5
Investments in associates and joint ventures	19/20	119.3	44.6
Retirement benefit assets	26	29.8	25.6
Deferred tax assets	21	47.1	46.9
Non-current assets		1,049.7	842.3
Total assets		5,347.4	5,118.0
Borrowings	22	204.3	121.2
Lease liabilities	18	60.5	82.5
Trade payables		2,212.6	2,133.6
Current income tax liabilities		45.3	35.7
Other payables, accrued expenses and contract liabilities	23	533.7	512.0
Current provisions	24	2.6	2.4
Current liabilities		3,059.0	2,887.4
Borrowings	22	102.1	217.4
Lease liabilities	18	220.2	144.5
Other non-current liabilities		15.5	9.2
Deferred tax liabilities	21	26.3	20.1
Non-current provisions	24	7.9	8.8
Retirement benefit obligations	26	30.0	31.0
Non-current liabilities		402.0	431.0
Total liabilities		3,461.0	3,318.4
Share capital		6.5	6.5
Reserves and retained earnings		1,802.3	1,731.9
Equity attributable to the shareholders of DKSH Holding Ltd.		1,808.8	1,738.4
Non-controlling interest		77.6	61.2
Total equity		1,886.4	1,799.6
Total equity and liabilities		5,347.4	5,118.0

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, 2020	6.5	-	(160.2)	234.2	1,693.8	1,774.3	60.3	1,834.6
Profit after tax	-	-	-	-	157.1	157.1	7.7	164.8
Other comprehensive income	-	-	(82.8)	-	13.5	(69.3)	(4.9)	(74.2)
Total comprehensive income	-	-	(82.8)	-	170.6	87.8	2.8	90.6
Change in ownership	-	-	-	-	-	-	(0.3)	(0.3)
Purchase of treasury shares	-	(2.0)	-	-	-	(2.0)	-	(2.0)
Vested share-based payment awards	-	0.9	-	-	(0.9)	-	-	-
Share-based payments	-	-	-	-	1.9	1.9	-	1.9
Dividend	-	-	-	-	(123.6)	(123.6)	(1.6)	(125.2)
As of December 31, 2020	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

¹ Treasury share transactions (Note 27).

² Relates to the acquisition of Hahn Healthcare (Note 30).

Consolidated Cash Flow Statement

in CHF millions	Notes	2021	2020
Profit before tax		304.9	222.9
Non-cash adjustments			
Depreciation and amortization on			
Property, plant and equipment	17	32.0	31.9
Intangible assets	15	16.6	15.7
Right-of-use assets	18	79.6	81.6
Rent concessions COVID-19	18	(1.0)	(2.1)
Share-based payment transaction expense	29	5.3	1.9
Gain/Loss on sale of tangible assets and intangible assets	5/7	(10.6)	0.3
Financial income	8	(35.9)	(10.7)
Financial expense	8	15.6	39.8
Share of profit and loss of associates and joint ventures	19/20	5.9	(3.8)
Loss on sale of subsidiaries	30	-	5.5
Change in provisions and other non-current liabilities		(2.3)	1.4
Change in other non-current assets		4.1	(0.4)
Working capital adjustments			
(Increase)/decrease in trade and other receivables and prepayments		(51.2)	113.9
(Increase)/decrease in inventories		(4.6)	21.0
Increase/(decrease) in trade and other payables		125.9	(113.3)
Interest received		1.1	0.9
Interest paid		(21.4)	(22.3)
Taxes paid		(73.8)	(61.2)
Dividend received from associates and joint ventures		3.0	2.3
Net cash flows from operating activities		393.2	325.3
Proceeds from sale of property, plant and equipment		4.6	3.1
Purchase of property, plant and equipment		(44.8)	(31.2)
Proceeds from sale of intangible assets		-	0.2
Purchase of intangible assets		(10.2)	(4.5)
Proceeds from repayment of loan		2.8	4.1
Convertible loans granted	12	(8.8)	-
Purchase of financial assets		-	(5.4)
Acquisition of subsidiaries net of cash	30	(91.5)	(63.7)
Disposal of subsidiaries net of cash	30	-	(5.5)
Net cash flows from/used in investing activities		(147.9)	(102.9)

in CHF millions	Notes	2021	2020
Proceeds from current and non-current borrowings	22	522.9	460.5
Repayment of current and non-current borrowings	22	(547.9)	(375.9)
Repayment leases	18	(76.6)	(74.0)
Buy-out of non-controlling interest		-	(0.3)
Dividend paid	27	(126.8)	(123.6)
Dividend paid to non-controlling interest		(3.9)	(1.6)
Net payments for net investment hedges		0.1	3.2
Purchase of treasury shares	27	(7.3)	(2.0)
Net cash flows used in financing activities		(239.5)	(113.7)
Cash and cash equivalents, as of January 1		680.8	592.6
Effect of exchange rate changes		(12.9)	(20.5)
Net increase/(decrease) in cash and cash equivalents		5.8	108.7
Cash and cash equivalents, as of December 31		673.7	680.8

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 31,453 specialized staff (2020: 32,447).

The Group offers any combination of sourcing, marketing, sales, distribution and 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, 2021, were approved by the Board of Directors on February 8, 2022, and are subject to approval by the Ordinary General Meeting of shareholders on March 17, 2022.

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.

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 through 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 5 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 depreci-

ated 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 is 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-set-

tled 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 allo-

cated 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, 2021

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, 2021:

Several amendments to IFRS apply for the first time in 2021, but do not have an impact on the consolidated financial statements of the Group except the amendment to IFRS 16. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group has adopted the amendment to IFRS 16 "COVID-19-Related Rent Concessions" beyond 30 June 2021 issued in March 2021. The amendment extends a practical expedient: a lessee may elect not to assess whether a rent concession that meets specific conditions is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification. The initial amendment from 2020 was applicable until end of June 2021, however in March 2021 the period of application was extended to 30 June 2022.

The Group has made this election and has recorded in 2021 rent concessions of CHF 1.0 million (2020: CHF 2.1 million) in Other income.

Amendments to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform – Phase 2": The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). These amendments had no impact on the consolidated financial statements of the Group.

New Standards and Interpretations and Amendments to Existing Standards That are not yet Effective and That the Group has not Adopted Early Adopted.

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 Jan-

uary 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.

Certain other new accounting standards and interpretations have been published that are not effective and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(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).

(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:

Currency	Statement of financial position year-end rates	Statement of financial position year-end rates	Income statement average rates	Income statement average rates
	2021	2020	2021	2020
1 AUD	0.665	0.677	0.687	0.648
1 CNY	0.144	0.136	0.142	0.136
1 EUR	1.037	1.085	1.082	1.071
1 GBP	1.235	1.199	1.258	1.205
1 HKD	0.118	0.114	0.118	0.121
100 JPY	0.797	0.857	0.832	0.879
100 KRW	0.077	0.081	0.080	0.080
100 MMK	0.051	0.067	0.057	0.068
1 MYR	0.220	0.219	0.221	0.223
1 PHP	0.018	0.018	0.019	0.019
1 SGD	0.678	0.668	0.680	0.681
1 THB	0.028	0.029	0.029	0.030
1 TWD	0.033	0.032	0.033	0.032
1 USD	0.918	0.885	0.914	0.939
1,000 VND	0.040	0.038	0.040	0.040

3. Segment Information

2021 by Business Unit

in CHF millions	Healthcare	Consumer Goods	Performance Materials	Technology	Other/ Elimination	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)	130.9	84.0	115.4	21.1	(66.8)	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	-	102.3	-	7.8	9.2	119.3
Share of profit and loss of associates and joint ventures	-	(9.9)	-	3.1	0.9	(5.9)
Number of employees (full-time equivalents)	7,864	18,348	1,342	1,585	2,314	31,453

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
Other countries	2,934.8	292.6
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.

2020 by Business Unit

in CHF millions	Healthcare	Consumer Goods	Performance Materials	Technology	Other/ Elimination	Total
Sale of goods	5,285.3	3,639.3	1,103.7	345.5	-	10,373.8
Other services	138.8	188.3	4.3	37.0	-	368.4
Net sales	5,424.1	3,827.6	1,108.0	382.5	-	10,742.2
Operating profit (EBIT)	129.8	64.6	91.7	21.8	(50.4)	257.5
Additions of property, plant and equipment	11.5	8.9	1.2	4.7	5.1	31.4
Additions of intangible assets	0.5	0.5	0.3	0.3	2.3	3.9
Depreciation and amortization	32.7	63.3	5.2	10.0	18.0	129.2
of which right-of-use assets	19.9	44.7	2.0	4.4	10.6	81.6
Investments in associates and joint ventures	-	28.1	-	8.0	8.5	44.6
Share of profit and loss of associates and joint ventures	-	(0.3)	-	3.2	0.9	3.8
Number of employees (full-time equivalents)	7,967	19,429	1,262	1,540	2,249	32,447

2020 country information

in CHF millions	Net sales third parties ¹	Non-current assets ²
Thailand	3,402.2	116.6
Malaysia	1,433.6	115.1
Taiwan	1,192.0	31.5
Hong Kong	914.7	32.1
Singapore	705.4	70.9
Australia	253.7	62.5
Switzerland (domicile)	96.5	87.7
Other countries	2,744.1	186.4
Group Total	10,742.2	702.8

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.

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	2021	2020
Sale of goods	10,721.6	10,373.8
Other services	384.7	368.4
Net sales	11,106.3	10,742.2

5. Other Income

in CHF millions	2021	2020
Gain on sale of tangible and intangible assets ¹	10.9	-
Government grants	4.7	15.0
Supplier compensation	0.9	0.8
Other	16.8	16.4
Total other income	33.3	32.2

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	2021	2020
Salaries and bonuses	545.4	521.9
Sales and other commissions	49.6	44.5
Social security costs	29.5	29.7
Temporary staff	25.7	17.9
Expenses for defined contribution pension plans	20.4	17.4
Expenses for defined benefit pension plans (Note 26)	7.9	7.4
Staff training costs	1.2	0.8
Other personnel expenses	58.6	55.9
Total employee benefit expenses	738.3	695.5
Number of employees (full-time equivalents)	31,453	32,447

7. Other Operating Expenses

in CHF millions	2021	2020
Logistics and distribution costs	199.8	193.4
Selling costs	136.9	139.0
Information technology	28.1	21.6
Travel and entertainment	25.6	27.9
Expense for short-term leases, low-value assets and variable lease payments	16.3	14.3
Consulting services	14.0	9.0
Utilities	13.4	13.2
Communication	10.7	10.4
Fees and royalties	6.8	8.1
Loss on sale of tangible and intangible assets	0.3	0.3
Other	61.4	57.6
Total other operating expenses	513.3	494.8

8. Net Finance Result

in CHF millions	2021	2020
Interest income on bank deposits	1.1	0.9
Income from financial instruments ¹	34.8	9.8
Financial income	35.9	10.7
Net foreign exchange result	6.3	(15.7)
Interest expenses on bank borrowings	(12.1)	(13.8)
Interest expenses on lease liabilities	(9.5)	(8.9)
Expense from revaluation of contingent consideration liabilities	(0.3)	(1.4)
Financial expenses	(15.6)	(39.8)
Net finance result	20.3	(29.1)

¹ Includes a gain from revaluation of an equity instrument at FVTPL of CHF 32.5 million (2020: CHF 9.6 million) and CHF 2.3 million from a fair value change on convertible loans in 2021 (Note 33).

9. Income Tax Expenses

in CHF millions	2021	2020
Current income tax	75.0	64.6
Adjustments in respect of current income tax of previous years	0.7	(0.6)
Deferred tax	(0.9)	(5.9)
Total income tax expenses	74.8	58.1

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	2021	2020
Profit before tax	304.9	222.9
Applicable income tax based on 21.1% (2020: 22.8%)	64.3	50.9
Tax effects relating to prior years	0.7	(0.6)
Impact of tax rate changes	(0.5)	0.3
Tax effects of WHT/foreign tax not recoverable	10.4	4.1
Tax effect on non-deductible expenses	13.7	5.2
Tax effect of income that is not taxable	(8.6)	(5.0)
Tax effects related to tax losses and tax credits	(4.4)	3.8
Others	(0.8)	(0.6)
Total income tax expenses	74.8	58.1

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	2021	2020
Cash at bank and on hand	652.9	659.8
Short-term deposits	20.8	21.0
Total cash and cash equivalents	673.7	680.8

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, 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
As of December 31, 2020							
Loss rate	0.1%	1.1%	7.5%	19.6%	34.2%	100.0%	
Total trade receivable – gross	1,775.2	205.7	23.9	13.8	7.6	9.8	2,036.0
Loss allowance	(1.0)	(2.2)	(1.8)	(2.7)	(2.6)	(9.8)	(20.1)
Total trade receivable – net							2,015.9

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

in CHF millions	2021	2020
As of January 1	20.1	22.2
Loss allowance	0.4	5.1
Receivables written off	(2.6)	(5.6)
Exchange differences	(0.6)	(1.6)
As of December 31	17.3	20.1

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

12. Financial Assets

in CHF millions	2021	2020
Deposits to third parties	16.1	25.7
Convertible loan at fair value through profit and loss ¹	11.1	-
Equity instruments at fair value through other comprehensive income	1.7	2.2
Loans to third parties	0.3	0.5
Equity instruments at fair value through profit and loss ²	-	40.1
Total financial assets	29.2	68.5

¹ The loan is expected to convert in the second half of 2022 into additional shares of aCommerce (Note 33).

² The Group has gained significant influence over the investee and has therefore reclassified the financial asset to investments in associates (Note 19).

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, 2020	33.5	3.2	36.7
Fair value change	9.6	(0.8)	8.8
Exchange differences	(3.0)	(0.2)	(3.2)
As of December 31, 2020	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

13. Inventories

in CHF millions	2021	2020
Raw materials	27.1	22.8
Work in progress	5.7	5.9
Finished goods	1,174.9	1,166.3
Total inventories – gross	1,207.7	1,195.0
Provision for obsolete and slow moving stock	(43.3)	(43.2)
Total inventories	1,164.4	1,151.8

Details of change in impairment for inventories:

in CHF millions	2021	2020
As of January 1	43.2	33.4
Increase in provision for inventories	23.5	27.7
Unused amount reversed	(13.4)	(8.5)
Utilized during the year	(8.6)	(7.9)
Exchange differences	(1.4)	(1.5)
As of December 31	43.3	43.2

14. Prepaid Expenses and Contract Assets

in CHF millions	2021	2020
Prepaid expenses	18.4	33.3
Contract assets	13.3	10.3
Total prepaid expenses and contract assets	31.7	43.6

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, 2020	57.6	53.5	55.5	250.2	416.8
Additions	-	-	3.9	-	3.9
Acquisitions	-	8.2	0.4	12.8	21.4
Disposals	(0.2)	-	(0.6)	(2.1)	(2.9)
Exchange differences	(1.5)	(2.6)	(4.3)	(9.9)	(18.3)
As of December 31, 2020	55.9	59.1	54.9	251.0	420.9
Accumulated amortization and impairments					
As of January 1, 2020	(39.7)	(21.8)	(47.3)	(9.5)	(118.3)
Amortization	(1.4)	(9.6)	(4.7)	-	(15.7)
Disposals	0.2	-	0.6	2.1	2.9
Exchange differences	0.4	1.1	3.8	0.2	5.5
As of December 31, 2020	(40.5)	(30.3)	(47.6)	(7.2)	(125.6)
Net book value					
As of January 1, 2020	17.9	31.7	8.2	240.7	298.5
As of December 31, 2020	15.4	28.8	7.3	243.8	295.3
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

¹ Principally relates to Software.

The Group has no intangible assets with indefinite useful lives as of December 31, 2021, and December 31, 2020, 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 2003-2021 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 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.

The following key assumptions for value-in-use calculations were applied in 2020:

in CHF millions	Country	Segment	Goodwill amount	Pre-tax discount rates	Growth rates
Cash-generating unit					
Auric	Malaysia	Consumer Goods	75.1	13.3%	2.8%
Siber Hegner	Various	Performance Materials	23.5	11.1%	0.6%
CTD	Australia	Consumer Goods	21.0	10.3%	1.8%
Zeus	Spain, Portugal	Performance Materials	16.1	10.7%	0.7%
SPC	Thailand	Technology	14.3	10.9%	0.6%
Crossmark	Australia	Consumer Goods	13.0	10.3%	1.8%
Dasico & Jennow	Denmark	Performance Materials	11.6	9.4%	1.2%
Siber Hegner	Various	Technology	10.1	10.9%	0.8%
Staerkle & Nagler	Switzerland	Performance Materials	9.4	9.3%	0.6%
Wicaksana	Indonesia	Consumer Goods	8.5	17.4%	2.9%
Auric	Singapore	Consumer Goods	6.5	10.3%	0.5%
Europ	Cambodia	Healthcare	5.8	18.2%	1.9%
Primatek	Indonesia	Technology	5.7	18.2%	2.9%
Brandlines	New Zealand	Consumer Goods	5.5	11.8%	1.4%
Electcables	Australia	Technology	4.4	11.6%	1.8%
Other CGUs	Various	Various	13.3	9.8%-18.2%	1.5%-3.9%
Total			243.8		

Based on the annual goodwill impairment test, no impairment was recognized in 2020.

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 6.6 million of which CHF 4.0 million relates to Wicaksana, CHF 1.6 million to SPC and CHF 1.0 million to Other CGUs.
- Lowered revenue projections for 2021 and thereafter by 10% would result in an impairment of CHF 7.4 million of which CHF 5.5 million relates to Wicaksana, CHF 1.0 million to Electcables and CHF 0.9 million to Other CGUs.
- Reduced projections of EBIT by 5% during forecast period 2021–2025 would result in an impairment of CHF 3.2 million of which CHF 2.6 million relates to Wicaksana, CHF 0.3 million to Electcables and CHF 0.3 million to Other CGUs.

16. Other Receivables

in CHF millions	2021	2020
Supplier accounts receivables	211.6	200.0
Advances and deposits	75.5	56.6
VAT and other taxes receivables	44.5	47.6
Derivative financial instruments	7.0	2.3
Other receivables	10.0	52.4
Total other receivables	348.6	358.9

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, 2020	114.5	66.9	97.6	53.6	14.6	0.6	347.8
Additions	6.7	8.2	8.0	5.7	0.4	2.4	31.4
Reclassifications	-	0.2	0.3	-	-	(0.5)	-
Acquisitions	0.1	0.6	0.2	0.2	-	-	1.1
Disposals	(2.7)	(4.1)	(4.6)	(3.0)	(0.8)	-	(15.2)
Exchange differences	(6.1)	(6.3)	(7.9)	(4.1)	(0.7)	(0.1)	(25.2)
As of December 31, 2020	112.5	65.5	93.6	52.4	13.5	2.4	339.9
Accumulated depreciation and impairments							
As of January 1, 2020	(35.9)	(41.5)	(62.7)	(44.5)	(11.0)	-	(195.6)
Depreciation	(7.4)	(7.7)	(10.2)	(5.3)	(1.3)	-	(31.9)
Disposals	1.2	2.8	4.1	3.0	0.7	-	11.8
Exchange differences	0.6	4.3	5.8	3.4	0.4	-	14.5
As of December 31, 2020	(41.5)	(42.1)	(63.0)	(43.4)	(11.2)	-	(201.2)
Net book value							
As of January 1, 2020	78.6	25.4	34.9	9.1	3.6	0.6	152.2
As of December 31, 2020	71.0	23.4	30.6	9.0	2.3	2.4	138.7
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

¹ Includes CHF 39.8 million as per December 31, 2021 (2020: CHF 39.6 million) of land which is not depreciated.

No bank borrowings are secured with assets of property, plant and equipment as of December 31, 2021 and 2020.

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, 2020	212.7	12.1	1.8	226.6
Depreciation	(74.5)	(5.5)	(1.6)	(81.6)
Additions	77.1	4.4	3.7	85.2
Acquisitions	6.6	0.2	0.1	6.9
Exchange differences	(13.6)	(0.7)	(0.1)	(14.4)
As of December 31, 2020	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

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

in CHF millions	Total
As of January 1, 2020	221.2
Additions	85.2
Acquisitions	6.9
Accretion of interest	8.9
Rent concessions COVID-19	(2.1)
Repayments of lease liabilities and interest payments	(82.9)
Exchange differences	(10.2)
As of December 31, 2020	227.0
Additions	130.8
Acquisitions	0.6
Accretion of interest	9.5
Rent concession COVID-19	(1.0)
Repayments of lease liabilities and interest payments	(86.1)
Exchange differences	(0.1)
As of December 31, 2021	280.7
thereof current lease liabilities:	
As of December 31, 2020	82.5
As of December 31, 2021	60.5

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

Amounts recognized in the income statement are as follows:

in CHF millions	2021	2020
Depreciation expense of right-of use assets	(79.6)	(81.6)
Interest expense on lease liabilities	(9.5)	(8.9)
Expense relating to short-term leases	(13.2)	(12.3)
Expense relating to leases of low-value assets	(0.2)	(0.3)
Variable lease payments	(2.9)	(1.7)
Rent concessions COVID-19	1.0	2.1
Total amount recognised in the income statement	(104.4)	(102.7)

The Group had total cash outflows for leases of CHF 101.9 million in 2021 (2020: CHF 97.2 million). The Group had non-cash additions to right-of-use assets and lease liabilities of CHF 130.8 million in 2021 (2020: CHF 85.2 million). The future cash outflows relating to leases that have not yet commenced are as follows:

in CHF millions	2021	2020
Not later than 1 year	14.3	7.6
Later than 1 year and not later than 5 years	10.1	12.4
Later than 5 years	0.1	0.1
Total commitments not yet commenced	24.5	20.1

19. Investments in Associates

Following the strategic sale of the right to perform certain business in specific territories in exchange for additional aCommerce shares leading to an increased ownership interest of 21.5%, signing of a co-operation agreement and representation in the board of directors the Group has gained significant influence on December 24, 2021 and has therefore reclassified the financial asset from financial instrument FVTPL to investments in associates (Note 12). The Group has recorded a gain of CHF 10.3 million with regards to this strategic sale (Note 5). For fair value considerations (Note 33).

Company	Country of incorporation	2021	2020
Ownership in %			
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	-

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, 2020	-	34.6	34.6
Share of results	-	0.6	0.6
Exchange differences	-	(0.7)	(0.7)
At December 31, 2020	-	34.5	34.5
Reclassification	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

Summarized financial information of aCommerce:

in CHF millions	2021
Current assets	77.0
Non-current assets	18.3
Total assets	95.3
Current liabilities	(55.1)
Non-current liabilities	(68.3)
Total liabilities	(123.4)
Total equity	(28.0)
Net sales ¹	255.8
Profit after tax ¹	(18.4)
Other comprehensive income ¹	(4.5)
Total comprehensive income¹	(22.9)

Reconciliation of the carrying amount

in CHF millions	2021
Share held by the Group in the equity of aCommerce	(5.5)
Goodwill	89.7
Carrying amount of aCommerce	84.2

¹ Reflects the performance for the full year of 2021.

20. Interest in Joint Ventures

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

Company Ownership in %	Country of incorporation	2021	2020
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 Klingelberg 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	2021	2020
Group's share of net assets	10.0	10.1
Group's share of profit for the year	3.1	3.2

21. Deferred Income Tax

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

in CHF millions	2021	2020
Deferred tax assets (net)	47.1	46.9
Deferred tax liabilities (net)	(26.3)	(20.1)
Net deferred tax assets	20.8	26.8

Deferred tax assets (gross):

in CHF millions	2021	2020
As of January 1	76.7	78.9
Credited/(charged) to the income statement	0.5	1.1
Credited/(charged) to other comprehensive income	0.1	0.3
Acquisitions/divestments	-	3.3
Exchange differences	(3.4)	(6.9)
As of December 31	73.9	76.7

Deferred tax assets (gross) relating to:

in CHF millions	2021	2020
Trade receivables	25.9	29.7
Inventories	7.8	7.7
Property, plant and equipment	3.2	3.0
Intangible assets	5.7	5.3
Other assets	2.5	3.9
Employee benefits	5.3	5.5
Lease liabilities	0.8	1.0
Provisions and other liabilities	14.9	13.4
Tax loss carryforwards and tax credits	7.8	7.2
Total deferred tax assets	73.9	76.7

The Group recognized deferred tax assets (net) of CHF 8.8 million (2020: CHF 6.2 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	2021	2020
As of January 1	49.9	53.3
Charged/(credited) to the income statement	(0.4)	(4.8)
Charged/(credited) to other comprehensive income	1.6	4.2
Acquisitions/divestments	4.8	2.4
Exchange differences	(2.8)	(5.2)
As of December 31	53.1	49.9

Deferred tax liabilities (gross) relating to:

in CHF millions	2021	2020
Inventories	4.1	4.8
Property, plant and equipment	2.8	1.4
Intangible assets	9.9	8.4
Employee benefits	7.0	5.8
Right of use assets	0.2	0.4
Other assets	2.7	2.1
Provisions, other liabilities and undistributed profits	26.4	27.0
Total deferred tax liabilities	53.1	49.9

The Group has recognized deferred tax liabilities with regards to temporary differences associated with its investments in subsidiaries, associates and joint ventures of CHF 7.5 million (2020: CHF 5.8 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 378.8 million (2020: CHF 396.5 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 95.0 million (2020: CHF 134.8 million) that can be carried forward against future taxable income. These tax losses will expire as follows:

in CHF millions	2021	2020
Expiring next year	1.7	0.6
Expiring in 2 years	25.1	13.8
Expiring in 3 years	12.0	33.8
Expiring in 4 years	19.4	13.0
Expiring in 5 years	10.1	16.4
Expiring later than 5 years	2.6	8.5
No expiry	24.1	48.7
Total unrecognized tax losses	95.0	134.8

22. Borrowings

in CHF millions	2021	2020
Current		
Bank overdraft	14.2	11.5
Bank borrowings	186.1	99.6
Bankers acceptance and promissory notes	4.0	10.1
Total borrowings current	204.3	121.2
Non-current		
Bank loans	102.1	217.4
Total borrowings non-current	102.1	217.4
Total borrowings current and non-current	306.4	338.6
Weighted average effective interest rates on borrowings	3.4%	3.6%

As of December 31, 2021, the Group has undrawn committed and uncommitted bank borrowings and guarantee facilities amounting to CHF 885.7 million (2020: CHF 874.0 million). Bank loans and borrowings are entered into locally by subsidiaries.

As of December 31, 2021 and 2020, aside from a five-year credit facility in the amount of CHF 200.0 million with two 1-year extension options, no single borrowing is individually significant to the Group. The borrowings are available 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	2021	2020
As of January 1	338.6	279.7
Cash flows		
Net proceeds/repayments	(25.0)	84.6
Non-cash changes		
Acquisitions	1.0	-
Exchange differences	(8.2)	(25.7)
As of December 31	306.4	338.6

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	2021	2020
Accrued expenses third parties	165.1	166.9
Accrued expenses employees	85.3	75.8
Prepayments and deposits received	65.5	49.2
VAT and other tax payables	56.6	64.8
Accrued expenses and payables advertising and promotion suppliers	45.1	41.0
Payables distribution and logistics suppliers	26.0	41.4
Contingent consideration liabilities	12.2	12.0
Contract liabilities	12.2	7.0
Payables for repair and maintenance and tangible assets	6.7	13.4
Derivative liabilities	2.7	7.5
Other non-trade payables	56.3	33.0
Total other payables and accrued expenses	533.7	512.0

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, 2021 and December 31, 2020 are expected/have been recognized as revenue in 2022 and 2021 respectively.

24. Provisions

in CHF millions	Product warranty	Employee entitlements	Litigations/ Disputes	Others	Total
Current and non-current					
As of January 1, 2021	0.8	4.2	1.9	4.3	11.2
Additions	3.2	0.6	-	0.3	4.1
Acquisitions	-	0.4	-	0.1	0.5
Unused amount reversed	(3.0)	(0.1)	(0.1)	(0.4)	(3.6)
Utilized in current year	-	(0.1)	-	(1.4)	(1.5)
Exchange differences	(0.1)	-	(0.3)	0.2	(0.2)
As of December 31, 2021	0.9	5.0	1.5	3.1	10.5
thereof:					
Current provisions	0.9	0.2	1.3	0.2	2.6

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, 2021, the Group has outstanding corporate guarantees of CHF 5.4 million (2020: CHF 3.4 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 121.5% (provisional) as of December 31, 2021 (2020: 121.7%), 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 un-

derfunded, the monthly contribution amounts are increased starting at the beginning of the following year. The pension plan has a technical funding ratio of 142.0% as of December 31, 2021 (2020: 140.0%), 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, 2021 and 2020, 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	2021	2020
Current service costs	7.2	7.4
Past service costs	0.4	(0.4)
Net interest cost	0.3	0.4
Expense for defined benefit pension plans	7.9	7.4

The funded and unfunded defined benefit obligations are as follows:

in CHF millions	2021	2020
Defined benefit obligations	(167.1)	(168.3)
thereof unfunded	(22.0)	(23.0)
Fair value of plan assets	167.4	163.1
Funded status	0.3	(5.2)
Impact of minimum funding requirement/asset ceiling	(0.5)	(0.2)
Net retirement benefit obligations recognized in the statement of financial position	(0.2)	(5.4)
Retirement benefit assets recognized in the statement of financial position	29.8	25.6
Retirement benefit obligations recognized in the statement of financial position	30.0	31.0

As of December 31, 2021, 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	2021	2020
Switzerland		
Defined benefit obligations	(128.7)	(128.7)
Fair value of plan assets	150.1	147.9
Funded status	21.4	19.2
Other countries		
Defined benefit obligations	(38.4)	(39.6)
thereof unfunded	(22.0)	(23.0)
Fair value of plan assets	17.3	15.2
Funded status	(21.1)	(24.4)

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

in CHF millions	2021	2020
As of January 1	168.3	166.7
Current service cost	7.2	7.4
Past service cost	0.4	(0.4)
Interest cost	0.7	0.8
Remeasurements included in other comprehensive income		
Actuarial (gain)/loss from the effect of changes in demographic assumptions	(5.2)	(3.0)
Actuarial (gain)/loss from the effect of changes in financial assumptions	(1.4)	2.2
Actuarial (gain)/loss from the effect of experience adjustments	5.6	3.2
Employee contributions	1.9	2.0
Benefits paid	(9.8)	(7.5)
Insurance premiums for risk benefits	(0.3)	(0.3)
Exchange differences	(0.3)	(2.8)
As of December 31	167.1	168.3

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

in CHF millions	2021	2020
As of January 1	163.1	157.3
Interest income	0.4	0.4
Remeasurements included in other comprehensive income		
Return on plan assets (excluding interest income)	5.4	3.7
Employee contributions	1.9	2.0
Employer contributions	3.6	5.2
Benefits paid	(7.3)	(4.9)
Insurance premiums for risk benefits	(0.3)	(0.3)
Exchange differences	0.6	(0.3)
As of December 31	167.4	163.1

The Group expects to contribute CHF 4.5 million to its defined benefit pension plans in 2021 (2020: CHF 5.4 million).

Plan assets are composed as follows:

in CHF millions	2021	2020
Cash	8.3	7.1
Investments quoted in active markets		
Equity funds	36.4	36.9
Fixed-income funds	76.3	76.2
Real Estate funds	27.4	26.3
Corporate bonds	4.5	3.6
Unquoted investments		
Debt investments	2.8	1.5
Real estate	1.7	2.5
Assets held by insurance companies	10.0	9.0
Total	167.4	163.1

Pension plan assets include a property, occupied by the Group, with a market value of CHF 4.3 million (2020: 4.6 million) in the current and previous period in the Philippines.

The principal actuarial assumptions used are as follows:

in %	2021	2020
Switzerland		
Discount rate		
Active	0.20	0.15
Retired	0.15	0.10
Future salary increases	1.5	1.5
Mortality (Mortality tables)	BVG 2020 CMI 1.25	BVG 2015 GT (CMI) 1.25
Other countries		
Discount rate	0.2–7.6	0.2–7.0
Future salary increases	3.0–4.0	3.0–4.0
Future pension increases	1.0–3.0	1.0–4.5

Assumptions regarding future mortality experience are set based on advice from actuaries, published statistics and experience in each country. The Group applied Continues Mortality Improvement (CMI) tables in 2020 for the first time and a long-term rate of 1.25% was used for the longevity improvements.

The life expectancy post retirement as at December 31, 2021, is as follows:

in years	2021	2020
Switzerland		
Male	23.3	22.8
Female	25.0	24.9

The sensitivity of the defined benefit obligations to changes of significant assumptions as at December 31, 2021, is as follows:

in CHF millions	2021	2020
Switzerland		
Discount rate (increase)/decrease by 0.5%	(5.9)/6.6	(7.7)/8.7
Rate of salary increase/(decrease) by 0.5%	0.5/(0.5)	1.4/(1.4)
Rate of pension increase/(decrease) by 0.5%	5.1/(5.1)	6.2/(6.2)
Life expectancy increase/(decrease) by 1 year	3.7/(3.7)	4.2/(4.1)

The weighted average duration of the defined benefit plan obligations as December 31, 2021, is 15.1 years (2020: 15.5 years).

27. Equity, Share Capital and Treasury Shares

	Nominal value in CHF	Total number of shares
As of January 1, 2020	0.1	65,042,963
As of December 31, 2020 and January 1, 2021	0.1	65,042,963
As of December 31, 2021	0.1	65,042,963

In 2021 and 2020, the Group had no changes in its share capital.

An ordinary dividend of CHF 1.95 per common registered share was paid in 2021 (2020: CHF 1.90 ordinary dividend). Total dividend payments amounted to CHF 126.8 million (2020: CHF 123.6 million).

The total authorized number of shares as of December 31, 2021, of DKSH Holding Ltd. is 65,042,963 (2020: 65,042,963) with a par value of CHF 0.10 per share. All issued shares are fully paid in. In 2021 the Group purchased 98,227 treasury shares for an amount of CHF 7.3 million. The Group used 46,531 treasury shares (CHF 3.4 million) for vested share-based payment awards. The Group holds 68,317 treasury shares as of December 31, 2021 (2020: 16,621).

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, 2021, the Company's conditional share capital amounts to 282,537 shares (2020: 282,537 shares) or CHF 0.03 million (2020: CHF 0.03 million).

As of December 31, 2021, the Company does not have authorized share capital (2020: CHF 0.0 million).

At the Ordinary General Meeting scheduled for March 17, 2022, a CHF 2.05 dividend is to be proposed in respect of 2021 (2020: CHF 1.95 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, 2022. 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 141.7 million as of December 31, 2021 (2020: CHF 127.2 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, 2021:

in CHF millions	2021	2020
Profit after tax attributable to the shareholders of the DKSH Holding Ltd.	223.9	157.1
Weighted average number of outstanding shares during the year	64,978,845	65,026,342
Dilutive shares	117,029	86,839
Adjusted weighted number of shares applicable to diluted earnings per share	65,095,874	65,113,181

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. For the PSUs granted in 2018 and 2019, 65% of the vesting multiple is linked to the EBIT of the DKSH Group as reported in the Company's last annual report prior to the end of the three-year performance period. 35% 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. For the PSUs granted in 2020 and 2021, 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
2020	105,251	47.24
2021	100,955	69.71

¹ in CHF.

The total expense recognized for the period relating to share-based payment transactions amounted to CHF 5.3 million (2020: CHF 1.9 million).

30. Acquisitions and Disposals

Acquisitions

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

Business	Country of incorporation	Equity interest acquired	Effective date	Employees (FTEs)
Medworkz Pte. Ltd.	Singapore	100%	March 3, 2021	3
Bosung Scientific Co., Ltd.	South Korea	100%	March 31, 2021	92
Sacoa Pty. Ltd	Australia	100%	April 30, 2021	9
Hahn Healthcare	Australia	70%	July 1, 2021	300
Sales Team Providers Pty Limited	Australia	Asset deal	October 29, 2021	65
Healthtech Bio Actives, S.L.U	Spain	Asset deal	December 20, 2021	1

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 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.

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. Payments are contingent on the achievement of normalized EBITDA targets of the acquired business for financial years 2021 and 2022.

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.

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	Total fair value recognized on acquisition of Bosung Scientific	Total fair value recognized on acquisition of Sacoa	Total fair value recognized on acquisition of Hahn Healthcare	Total fair value recognized on acquisition of 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.

Prior Year Acquisitions and Divestments

During the business year 2020, the Group acquired shares in the following companies:

Effective February 27, 2020, the Group purchased the separate shares of the Crossmark business activities in Australia and New Zealand from the same private seller. The Australian business was purchased through DKSH Smollan Field Marketing, Singapore held 51% by the Group. Crossmark represents a field marketing provider in Australia and New Zealand.

From the dates of acquisition, the business of Crossmark contributed net sales amounting to CHF 34.8 million and a profit after tax of CHF 1.8 million. Assuming the business had been acquired as of January 1, 2020, the contribution to the net sales would have been CHF 41.8 million with a corresponding profit after tax of CHF 2.1 million.

Effective February 28, 2020, the Group purchased the shares of Axieo Group, a privately held business based in Australia and New Zealand. Axieo represents a specialty chemicals distributor with a focus on the agricultural sector active in Australia and New Zealand.

From the dates of acquisition, the business of Axieo contributed net sales amounting to CHF 112.7 million and a profit after tax of CHF 0.5 million. Assuming the business had been acquired as of January 1, 2020, the contribution to the net sales would have been CHF 135.2 million with a corresponding loss of CHF 0.6 million.

The goodwill of CHF 12.7 million relates to synergies and footprint improvements. None of the goodwill is expected to be deductible for income tax purposes.

An amount of CHF 0.7 million of external transaction cost has been expensed as incurred.

The finalisation of the purchase accounting in 2021 did not lead to any changes to amounts disclosed in the annual report 2020.

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

in CHF millions	Total fair value recognized on acquisition of Crossmark	Total fair value recognized on acquisition of Axieo	Total
Assets			
Cash and cash equivalents	3.2	4.4	7.6
Trade receivables	9.4	18.0	27.4
Inventories	-	22.4	22.4
Other current assets	1.3	3.0	4.3
Intangible assets	2.9	5.7	8.6
Property, plant and equipment	0.5	0.7	1.2
Right-of-use assets	4.0	2.9	6.9
Deferred tax assets	1.5	1.8	3.3
Liabilities			
Trade payables	(1.2)	(15.5)	(16.7)
Other current liabilities	(4.6)	(3.4)	(8.0)
Provisions	(0.7)	(0.1)	(0.8)
Lease liabilities	(4.0)	(2.9)	(6.9)
Deferred tax liabilities	(0.8)	(1.6)	(2.4)
Other non-current liabilities	-	(0.1)	(0.1)
Net assets acquired	11.5	35.3	46.8
Goodwill on acquisitions	12.6	0.1	12.7
Purchase consideration	24.1	35.4	59.5
Purchase consideration paid in cash	24.1	35.4	59.5
Cash and cash equivalents acquired	3.2	4.4	7.6
Net cash outflow	(20.9)	(31.0)	(51.9)

During 2020 the Group has settled contingent consideration liabilities for a total amount of CHF 11.8 million relating to prior year acquisitions. The revaluation of the contingent consideration liabilities to fair value resulted in a charge recorded in financial expenses of CHF 1.4 million.

Settlement Relating to Prior Year Divestment

The Group entered into a settlement agreement with the buyer of its former Healthcare business in China (transaction effected on October 31, 2018) based on a warranty claim brought by said buyer in the first half of 2020. The final settlement amount of CHF 5.5 million was recorded as a loss on sale of subsidiaries.

31. Related Party Transactions

The following transactions were with related parties in 2021:

in CHF millions

	Shareholders	Associates	Joint ventures	Total
Income statement				
Sales of goods and services	-	-	1.6	1.6
Purchases of goods and services	-	0.1	0.1	0.2
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 expenses relating to lease liabilities	0.1	-	-	0.1
Statement of financial position				
Trade receivables	-	0.1	-	0.1
Other receivables and prepayments	-	-	0.1	0.1
Convertible 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 following transactions were with related parties in 2020:

in CHF millions

	Shareholders	Associates	Joint ventures	Total
Income statement				
Sales of goods and services	-	-	1.7	1.7
Purchases of goods and services	0.3	0.1	-	0.4
Depreciation expenses of right-of-use assets	1.0	-	-	1.0
Fees & royalties	0.4	-	-	0.4
Interest expenses relating to lease liabilities	0.1	-	-	0.1
Statement of financial position				
Other receivables and prepayments	-	-	0.3	0.3
Loans to related parties	-	2.8	-	2.8
Right-of-use assets	4.3	-	-	4.3
Lease liabilities	4.3	-	-	4.3

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

in CHF millions	2021	2020
Executive Committee	15.5	10.2
Board of Directors	2.5	2.4

The total remuneration recognized as an expense in the reporting period for the Executive Committee includes short-term employee benefits of CHF 9.7 million (2020: CHF 7.2 million), including both salary and incentive-based compensation, share-based compensation expenses of CHF 3.4 million (2020: CHF 1.3 million), post-employment benefits of CHF 0.6 million (2020: CHF 0.4 million), and long-term employee benefits of CHF 1.8 million (2020: CHF 1.3 million).

The total remuneration recognized as employee benefit expenses in the reporting period for the Board of Directors is CHF 2.5 million (2020: CHF 2.4 million). As of December 31, 2021 and 2020, 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

On November 1, 2021 the Group signed an agreement to acquire 70% of Right Base Chemicals (RBC) in China for a consideration of about CHF 5.0 million. RBC represents a specialty chemicals distributor covering the Eastern, Central and South-Western regions of the Chinese market and generates net sales of about CHF 25 million.

Closing of the transaction is expected in the first quarter of 2022 and is subject to certain conditions.

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
	2021	2020	2021	2020
AA- or higher	82.4	96.8	1.4	0.6
A+, A or A-	643.2	395.0	5.6	1.5
BBB+, BBB or BBB-	3.5	159.1	-	0.4
Total	729.1	650.9	7.0	2.5

For derivatives revalued through income statement, the Group recorded a net gain of CHF 18.8 million (2020: net gain of CHF 7.4 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 2021, the Group recorded a net loss of CHF 12.5 million (2020: net loss of CHF 23.2 million) from revaluation of financial position items.

in CHF millions	2021	2020
Current assets	7.0	2.3
Current liabilities	(2.8)	(7.4)
Net fair value of foreign exchange contracts	4.2	(5.1)
Swiss Franc equivalent notional amount of derivative financial instruments	729.2	630.5

Net Investment Hedges

The Group entered into forward foreign exchange contracts that are designated as hedging the foreign currency exposures of net investments in foreign operations. The hedges are fully effective and there was no ineffectiveness to be recognized in the income statement. There is no net investment hedge transaction for 2021.

in CHF millions	2021	2020
Current assets	-	0.2
Current liabilities	-	-
Net fair value of net investment hedges	-	0.2
Swiss Franc equivalent notional amount of forward exchange contracts	-	20.2

The notional amount of forward exchange contracts represents the gross amount of the contracts and includes outstanding transactions as of December 31, 2021.

The derivative assets and liabilities relating to foreign exchange risk on commercial transactions and net investment hedges 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 7.0 million as of December 31, 2021 (2020: CHF 2.3 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	2021	2020
USD	+5%/-5%	5.2/(5.2)	6.9/(6.9)
EUR	+5%/-5%	2.9/(2.9)	1.7/(1.7)
JPY	+5%/-5%	0.4/(0.4)	0.3/(0.3)

(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% has to be held in fixed interest instruments. The Group enters into interest rate swaps to actively hedge its interest rate risk.

As of December 31, 2021, 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 1.5 million (2020: CHF 1.7 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, 2021, pre-tax profit for the year would have been CHF 3.3 million (2020: CHF 3.4 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	2021	2020
AA- or higher	115.2	110.7
A+, A or A-	421.1	344.6
BBB+, BBB or BBB-	79.7	159.9
Non-investment grade/unrated	57.7	65.6
Total	673.7	680.8

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% 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, 2021, this strategic reserve amounted to CHF 421.9 million (2020: CHF 507.7 million) consisting of cash and the undrawn CHF 200.0 million five-year committed credit facility closed on July 15, 2015 with two extension options for one year. The Group intends to re-finance the committed credit facility upon maturity of the existing facility.

in CHF millions	2021	2020
Centrally held cash and cash equivalents	221.9	307.7
Committed credit facility	200.0	200.0
Total	421.9	507.7

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 ¹	Total Cash Flows	Carrying value
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 ¹	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
As of December 31, 2020							
Borrowings	34.9	37.0	58.5	223.4	-	353.8	338.6
Trade and other payables	1,000.3	858.8	417.8	133.6	-	2,410.5	2,410.5
Lease liabilities	9.9	11.8	55.3	141.3	33.0	251.3	227.0
Contingent considerations	-	-	12.2	-	-	12.2	12.0
Total	1,045.1	907.6	543.8	498.3	33.0	3,027.8	2,988.1

¹ CHF 57.2 million relate to year 6 to 9, CHF 31.2 million to year 10 to 13, CHF 16.8 million to year 14 to 19 and CHF 1.8 million beyond year 19 respectively

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, 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
As of December 31, 2020						
Forward FX contracts						
Outflow	(378.4)	(176.9)	(99.6)	-	-	(654.9)
Inflow	376.5	175.5	98.9	-	-	650.9

(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	2021	2020
Financial assets at fair value through profit and loss			
Derivative assets	2	7.0	2.4
Unlisted equity securities	3	-	40.1
Convertible loan	3	11.1	-
Total		18.1	42.5
Financial assets at fair value through other comprehensive income			
Other equity securities	1	1.7	2.2
Total		1.7	2.2
Financial assets at amortized cost			
Cash and cash equivalents ¹		673.7	680.8
Trade receivables ¹		2,049.1	2,015.9
Other receivables ^{1,2}		297.1	309.0
Deposits to third party ¹		16.1	25.7
Loans to third party ¹		0.3	0.5
Total		3,036.3	3,031.9
Total financial assets		3,056.1	3,076.6
Financial liabilities at fair value through profit and loss			
Contingent consideration liabilities	3	15.6	12.0
Derivative liabilities	2	2.7	7.5
Total		18.3	19.5
Financial liabilities at amortized cost			
Borrowings ¹		306.4	338.6
Lease liabilities ⁴		280.7	227.0
Trade payables ¹		2,212.6	2,133.6
Other payables ^{1,3}		163.5	132.4
Total		2,963.2	2,831.6
Total financial liabilities		2,981.5	2,851.1

¹ Carrying amount is a reasonable 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.

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.

The interest rate swaps 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 calculated as the present value of the estimated future cash flows reflecting the credit rating of the group. Estimates of future floating-rate cash flows are based on interbank borrowing rates. Estimated cash flows are discounted using the zero-coupon curve at the financial reporting date.

On December 24, 2021, the Group gained significant influence in aCommerce Group Ltd. and has therefore reclassified the investment from equity instruments at fair value through profit and loss (Note 12) to investments in associates (Note 19). The reclassification happened at the reclassification date fair value which resulted in a gain of CHF 32.5 million recorded under income from financial instruments (Note 8). The fair value was determined using the average of a revenue multiple model based on a peer group of the investee and a company specific discounted free cashflow projection. Upon gaining significant influence the Group got access to specific information which allowed for an additional discounted cash flow valuation.

In 2021 the Group subscribed to convertible loans for a total of CHF 8.8 million. The financial assets are classified as equity instruments at fair value through profit and loss (Note 12) and revaluation as at December 31, 2021 resulted in a gain of CHF 2.3 million. The valuation analysis for the derivative component was based on Monte Carlo simulations on the stock price of aCommerce as applied for the valuation of the Group's equity investment.

As per year-end 2020, the non-listed equity shares of aCommerce Group Ltd. represented Level 3 in the fair value hierarchy and were classified as equity instruments designated at fair value through profit or loss (Note 12). Reassessment of this investment as per December 31, 2020 resulted in a change of fair value and increase of the investment of CHF 9.6 million. According to the nature of this non-listed business, the fair value was determined using a revenue-multiple-model derived from listed and unlisted companies comparable to the investee, adjusted for the effect of the non-marketability of the equity securities, and the specific business model. The Group used a revenue multiple of 1.1 applied to full year 2020 revenues, adjusted for non-recurring revenue items to determine fair value. Quantitative sensitivity analysis reflecting multiples of 1.0 and 1.2, with all other variables (e.g. revenues) held constant, resulted in a decrease and increase in fair value by CHF 3.8 million respectively.

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, 2021 of CHF 15.6 million principally relate to the acquisitions of Bosung (CHF 6.8 million) and Sacoa (CHF 7.3 million).

Bosung: Management has estimated the normalized EBITDA targets (significant unobservable inputs) for the financial years 2021 and 2022 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 0.6 million.

Sacoa: Management has estimated the normalized sales targets of one key brand (significant unobservable inputs) for the financial years 2022 ending June and has determined that the target amount of sales would be achieved and therefore target consideration would be payable (if sales target is not achieved the payable is nil). The estimated future cashflows have been discounted to present value (Level 2 input). If the estimated normalized target is higher/lower by 10%, holding all other variables constant, the fair value would be unchanged /nil.

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	Total
As of January 1, 2020	30.5	3.0	24.5	58.0
Conversion	3.0	(3.0)	-	-
Settlements	-	-	(11.8)	(11.8)
Fair value changes	9.6	-	1.4	11.0
Exchange differences	(3.0)	-	(2.1)	(5.1)
As of December 31, 2020	40.1	-	12.0	52.1
Additions/Acquisitions	-	8.8	17.0	25.8
Reclassification	(74.1)	-	-	(74.1)
Settlements	-	-	(12.6)	(12.6)
Fair value changes	32.5	2.3	0.3	35.1
Exchange differences	1.5	-	(1.1)	0.4
As of December 31, 2021	-	11.1	15.6	26.7

(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, 2021, is CHF 2,115.1 million (2020: CHF 2,077.0 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, 2021 and 2020, were as follows:

	2021	2020
Asset-to-equity	2.8	2.8
Total debt-to-capitalization	14.5%	16.3%

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, 2021, and for the entire financial year 2021, 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, 2021

Company name	Currency	Capital	Ownership and voting rights
		in thousands	in %
Holding and management companies			
DKSH Management Ltd., Zurich ¹	CHF	2,000	100
Maurice Lacroix S.A. (International), Saignelégier ¹	CHF	1,000	100
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 (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
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
Crossmark Australia Pty Ltd., Sydney ²	AUD	15,694	100
Retail Data Acquisition Services Pty Ltd., Sydney	AUD	1,738	100
SACOA Pty Ltd., Claremont	AUD	1	100
DKSH Hong Kong Ltd., Hong Kong ¹	HKD	100,000	100
PT DKSH (Indonesia), Jakarta ¹	IDR	180,755,650	100
PT Wicaksana Overseas International Tbk, Jakarta ¹	IDR	411,798,739	64.9
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 ¹	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 (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	Ownership and voting rights
		in thousands	in %
Asia (continued)			
DKSH Resources Sdn. Bhd., Petaling Jaya	MYR	60,000	100
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 (M) Sdn Bhd	MYR	1,000	100
DKSH New Zealand Ltd., Auckland ¹	NZD	230	100
DKSH Performance Materials Operations New Zealand Limited	NZD	27,199	100
Edward Keller (Philippines) Inc., Manila	PHP	500,000	100
DKSH Philippines Inc., Manila ¹	PHP	80,000	100
DKSH Market Expansion Services, Taguig City ¹	PHP	12,000	100
DKSH Singapore Pte Ltd., Singapore	SGD	20,998	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 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	Ownership and voting rights
		in thousands	in %
Asia (continued)			
DKSH Technology Co. Ltd (VND), Ho Chi Minh City ¹	USD	546	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 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, Birkerød	DKK	500	100
DKSH France S.A., Miribel	EUR	2,400	100
DKSH Iberica, S.L.U., Barcelona	EUR	24	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

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, 2022

Statutory auditor's report on the audit of the consolidated financial statements



Opinion

We have audited the consolidated financial statements of DKSH Holding Ltd. and its subsidiaries (the Group), which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position as at December 31, 2021, consolidated statement of changes in equity and 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 56 to 120) give a true and fair view of the consolidated financial position of the Group as at December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for opinion



We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the *International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code)* and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters



Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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



Revenue recognition

Risk Total net sales for the business year 2021 amount to CHF 11,106 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, 2021, DKSH reported CHF 332 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.



Other information in the annual report

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibility of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.



Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: <http://www.expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.



Report on other legal and regulatory requirements

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

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

Ernst & Young Ltd

Simon Zogg
Licensed audit expert
(Auditor in charge)

Olga Semenova
ACCA

Financial Statements DKSH Holding Ltd.

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Income Statement

in CHF millions	Notes	2021	2020
Dividend income		167.1	156.5
Financial income		0.5	5.4
Profit from sale of investments		14.5	-
Other operating income		0.1	-
Financial expenses		(2.1)	(1.8)
Personnel expenses	2	(2.5)	(2.4)
Other operating expenses	2	(25.3)	(16.6)
Loss on sale of investments		(5.2)	-
Loan forgiveness		-	(2.3)
Valuation adjustments on non-current assets	4	(18.3)	(3.0)
Profit before tax		128.8	135.8
Income taxes		-	-
Profit after tax		128.8	135.8

Statement of Financial Position

in CHF millions	Notes	2021	2020
Cash and cash equivalents		95.1	175.3
Other receivables			
Other receivables from third parties		0.1	0.3
Other receivables from Group companies		335.2	204.3
Accrued income and prepaid expenses		0.4	0.3
Current assets		430.8	380.2
Investments	4	389.3	430.1
Non-current assets		389.3	430.1
Total assets		820.1	810.3
Payables			
Non-trade payables to third parties		0.3	0.9
Non-trade payables to Group companies		8.6	0.4
Deferred income and accrued expenses		0.8	0.5
Current liabilities		9.7	1.8
Total liabilities		9.7	1.8
Share capital	5	6.5	6.5
Legal reserves from capital contribution		2.8	2.8
Legal reserves from retained earnings		96.6	96.6
Legal reserves from retained earnings for own shares	5	5.0	1.1
Free reserves			
Retained earnings		570.7	565.7
Net Income		128.8	135.8
Total equity		810.4	808.5
Total equity and liabilities		820.1	810.3

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.

The Company does not directly employ staff, as such services are provided by DKSH Management Ltd., Zurich.

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

2. Other Operating and Personnel Expenses

The cost charged by DKSH Management Ltd. is recognized in other operating expenses, whereas personnel expenses reflect the remuneration of the Board of Directors.

3. Contingent Liabilities

The total of guarantees and warranties in favor of third parties and joint ventures amounted to CHF 270.8 million (2020: CHF 241.6 million) as of December 31, 2021.

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.

4. Investments

in CHF millions	2021	2020
As of January 1	430.1	431.8
Increase	27.7	1.3
Decrease	(50.2)	-
Valuation adjustment	(18.3)	(3.0)
As of December 31	389.3	430.1

The direct and principal indirect investments held by DKSH Holding Ltd. as of December 31, 2021:

Company name	Currency	Capital	Ownership and voting rights
		in thousands	in %
Holding and management companies			
DKSH Management Ltd., Zurich ¹	CHF	2,000	100
Maurice Lacroix S.A. (International), Saignelégier ¹	CHF	1,000	100
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 (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
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
Crossmark Australia Pty Ltd., Sydney ²	AUD	15,694	100
Retail Data Acquisition Services Pty Ltd., Sydney	AUD	1,738	100
SACOA Pty Ltd., Claremont	AUD	1	100
DKSH Hong Kong Ltd., Hong Kong ¹	HKD	100,000	100
PT DKSH (Indonesia), Jakarta ¹	IDR	180,755,650	100
PT Wicaksana Overseas International Tbk, Jakarta ¹	IDR	411,798,739	64.9
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 ¹	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 (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	Ownership and voting rights
		in thousands	in %
Asia (continued)			
DKSH Resources Sdn. Bhd., Petaling Jaya	MYR	60,000	100
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 (M) Sdn Bhd	MYR	1,000	100
DKSH New Zealand Ltd., Auckland ¹	NZD	230	100
DKSH Performance Materials Operations New Zealand Limited	NZD	27,199	100
Edward Keller (Philippines) Inc., Manila	PHP	500,000	100
DKSH Philippines Inc., Manila ¹	PHP	80,000	100
DKSH Market Expansion Services, Taguig City ¹	PHP	12,000	100
DKSH Singapore Pte Ltd., Singapore	SGD	20,998	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 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	Ownership and voting rights
		in thousands	in %
Asia (continued)			
DKSH Technology Co. Ltd (VND), Ho Chi Minh City ¹	USD	546	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 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, Birkerød	DKK	500	100
DKSH France S.A., Miribel	EUR	2,400	100
DKSH Iberica, S.L.U., Barcelona	EUR	24	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

¹ Direct investments of DKSH Holding Ltd., Zurich.

² Investment of DKSH Smollan Field Marketing, Singapore.

5. Equity

Share Capital

	Nominal value in CHF	Registered shares	Nominal value in CHF
Balance as of January 1, 2021	0.1	65,042,963	6,504,296
Balance as of December 31, 2021	0.1	65,042,963	6,504,296

Own Shares (Including Majority Subsidiaries)

	Number of shares	Total carrying amount ¹
Balance as of January 1, 2020	-	-
Balance as of December 31, 2020	16,621	1,095.0
Acquisitions	98,227	7,274.5
Allocations	(46,531)	(3,322.5)
Balance as of December 31, 2021	68,317	5,047.0

¹ In CHF thousands.

Significant Shareholders

Shareholdings in %	2021	2020
Diethelm Keller Holding Ltd., Switzerland	45.0	45.0
FIL Limited, Pembroke, Bermuda	4.96	5.2
Black Creek Investment Management Inc., Canada	3.02	3.02
Fidelity Funds SICAV, Luxemburg	-	3.0

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

6. Shareholdings of Board of Directors and Executive Committee

Shareholdings by Members of the Board of Directors

As of December 31, 2021 and 2020, 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	2021	2020
Marco Gadola	7,000	6,017
Dr. Wolfgang Baier	-	-
Jack Clemons	1,000	1,000
Dr. Frank Ch. Gulich	3,066	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	90,374	89,391

Shareholdings by Members of the Executive Committee

As of December 31, 2021 and 2020, 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	2021	2020
Stefan P. Butz	48,740	65,075	113,815	101,442
Bernhard Schmitt ²	57,009	-	57,009	60,576
Natale Capri	5,899	16,430	22,329	18,234
Dan Culverhouse (from 01.03.2021)	-	1,784	1,784	n/a
Hanno Elbraechter	2,617	5,364	7,981	6,546
Stephen Ferraby	7,365	13,696	21,061	18,113
Martin Frech (from 01.03.2021)	1,033	7,721	8,754	n/a
Michael Hutab	n/a	n/a	n/a	4,678
Antoine Mangin (from 01.03.2021)	-	8,703	8,703	n/a
Terry Seremetis	-	6,404	6,404	3,176
Laurent Sigismondi	1,000	3,960	4,960	3,238
Bijay Singh	5,258	20,019	25,277	20,464
Thomas Sul	5,844	13,750	19,594	16,031
Ido Wallach (from 01.07.2021)	-	2,494	2,494	n/a
Total	134,765	165,400	300,165	252,498

¹ Granted unvested PSUs see description of LTIP.

² The employment contract of Bernhard Schmitt has been terminated on December 31, 2021.

Proposal Appropriation of Available Earnings

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

in CHF	2021
Retained earnings	
Retained earnings brought forward	574,645,268
Allocation of legal reserves from retained earnings for own shares	(3,951,989)
Retained earnings as of December 31, 2021	570,693,279
Profit after tax	128,801,490
Total available earnings	699,494,769
Distribution of an ordinary dividend of CHF 2.05 per registered share (As per December 31, 2021 65,042,963 shares are entitled to dividends)	133,338,074
To be carried forward	566,156,695



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To the General Meeting of
DKSH Holding Ltd., Zurich

Zurich, February 8, 2022

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of DKSH Holding Ltd., which comprise the income statement, balance sheet and notes (pages 126 to 133), for the year ended December 31, 2021.

Board of Directors' responsibility



The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility



Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements 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 entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion



In our opinion, the financial statements for the year ended December 31, 2021 comply with Swiss law and the company's articles of incorporation.



Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

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 responsibility 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.

Valuation of investments

Risk	DKSH Holding Ltd. is the parent company of DKSH Group. As at December 31, 2021 investments amount to CHF 389 million and represent 47% of total assets. Corresponding disclosure can be found in Notes 1 and 4 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.
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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.
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Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

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

We further 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

Disclaimer

This publication may contain forward-looking statements that can be identified by words such as “expected,” “estimated,” “planned,” “potential” or similar expressions as to DKSH’s expectations concerning future developments of its business, products and the markets in which it operates and the political, economic, financial, legal and regulatory environment. A number of risks, uncertainties and other important internal and external factors could cause actual developments and results to differ materially from DKSH’s expectations or other statements expressed in such forward-looking statements. These factors include, but are not limited to, future developments in the markets in which DKSH operates or to which it is exposed; the effect of possible political, economic, financial, legal and regulatory developments; changes in accounting standards or policies, and accounting determinations or interpretations affecting the recognition of revenue, gain or loss, the valuation of goodwill and other matters; and DKSH’s ability to retain and attract key employees. In addition, DKSH’s business and financial performance could be affected by other

factors identified in its past and future filings and reports, including those filed with SIX Swiss Exchange. DKSH does not undertake any obligation to update or amend its forward-looking statements contained in this publication as a result of new information, future events, or otherwise. DKSH’s financial statements are prepared in accordance with International Financial Reporting

Standards (IFRS) and presented in Swiss francs. DKSH also uses certain non-IFRS financial measures, such as NOC, RONOC, ROE, EBIT margin, free cash flow or net debt. DKSH uses these non-IFRS financial measures as supplemental indicators of its operating performance and financial position. These measures do not have any standardized meaning prescribed by IFRS and should not be viewed as alternatives to measures of operating or financial performance calculated in accordance with IFRS.

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