Letter to shareholders

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

Dear shareholders,

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

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

EBIT Higher Throughout Pandemic

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

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

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

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

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

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

All Business Units Improve Performance

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

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

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

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

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

Expansion of DKSH's Board of Directors

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

Capitalizing on our Proven Business Model

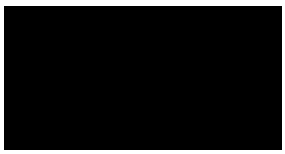
Our very good 2022 results and continued strong balance sheet allow us to pursue our M&A strategy, while we remain committed to our progressive dividend policy. Based on an encouraging financial performance, the Board of Directors proposes an ordinary dividend of CHF 2.15 per share to the next Ordinary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

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

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

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

Sincerely yours,



Marco Gadola
Chairman

Stefan P. Butz
CEO

Key figures

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

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

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

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

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

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