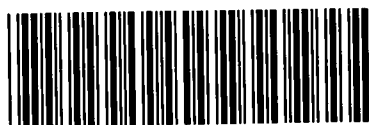


JUNGHEINRICH UK LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

Company Number: 00757192

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JUNGHEINRICH UK LIMITED

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JUNGHEINRICH UK LIMITED DIRECTORS AND ADVISERS

Directors

A Rosenkranz
L Snijders

Registered Office

Sherbourne House
Sherbourne Drive
Tilbrook
Milton Keynes
Buckinghamshire
MK7 8HX

Independent Auditors

PricewaterhouseCoopers LLP
Central Business Exchange
Midsummer Boulevard
Milton Keynes
MK9 2DF

Bankers

Barclays Bank PLC
Flex Office The Pinnacle
Midsummer Boulevard
Milton Keynes
MK9 1BP
United Kingdom

JUNGHEINRICH UK LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their strategic report for the year ended 31 December 2021.

Principal activities

The principal activity of the company continues to be the sale, hire and servicing of materials handling equipment as well as the development, installation and service of intralogistics solutions.

Review of business

2021 was a year of recovery, where economic growth contributed greatly to the business success. Sales have picked up due to the better market prospects and as a consequence, turnover returned to pre-pandemic levels at £200,490k (2020: £189,945k). This growth has also contributed to an improvement of operating profitability to £7,775k (2020: £6,758k).

The company has leveraged the continued profitable performance to ensure cash flows also remain on a healthy level.

Key performance indicators

The company continues to place a strategic emphasis on long-term financial stability and retains a strong balance sheet position underpinned by a focus on working capital and risk management.

Net assets excluding the defined benefit pension scheme have decreased to £48,022k (2020: £52,542k) mainly due to an increase in short-term Creditors towards the year-end, following successful sales activity in the 4th quarter 2021 as well as a build-up of material (and respective liabilities) for major Automation projects under construction. Accumulated cash and cash equivalents, together with amounts placed on short term deposits in group facilities amounted to £41,991k (2020: 56,559k).

The valuation of the defined benefit pension scheme (Jungheinrich UK Limited Retirement Benefit Scheme) on an IAS 19 basis stood at £20,084k as at 31 December 2021 (2020: £9,894k). The key reason for the change in the balance sheet asset is an increase in the discount rate and actual inflation being lower than assumed over the period, which both decreases the value of the defined benefit obligation.

The latest triennial valuation of the DB Scheme, dated 6 April 2019, showed a deficit of £3.7m calculated on a technical provisions basis, and a funding level of 98%. This shows a positive development against the previous triennial valuation dated 6 April 2016 which showed a deficit of £17.7m and funding level of 91%. Following the latest triennial valuation, the company has agreed to continue with the current level of contributions with an estimated timeline of December 2024 for the recovery of the deficit. The company have also agreed with the scheme trustees a target to fund the scheme to a point of self-sufficiency by 2032.

JUNGHEINRICH UK LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

(CONTINUED)

Future developments

The economy has recently suffered under recent political events, accumulating to the Russian invasion of Ukraine in March 2022. The impact of the resulting economic shock, with rising inflation and interest rates, while economic growth is slowing down is and will likely continue to impact on the business. Direct consequences are a higher cost for materials and services across the supply chain, as well as extended lead times and pressure on stock holdings and therefore Working Capital. These effects create a relatively heightened level of uncertainty for the company.

However, the experience and performance of the company throughout 2020 and 2021, during the pandemic, as well as a robust financial position, and a full order book gives the directors a high level of confidence in the adaptability of the business in the face of present economic challenges, enabling a renewed focus on growing the business despite the prevalent pressures to deliver best in class products and services to its customer base.

Principal risks and uncertainties

The company is exposed to a number of commercial, operational, legal and financial risks as a result of its business activities.

The directors place a strong emphasis on the early identification and proactive management of risks and opportunities as part of the company's corporate governance framework. This has rarely been more of a critical factor for the company than in recent years and looking forward, as the COVID-19 pandemic and the Russian invasion of Ukraine has amplified the level of risk attached to the economic environment in which the company carries out its business activities.

The company endeavours to quickly react to new risks and minimise the impact of these as far as possible through timely, appropriate and coordinated measures.

The directors have continued to intensify efforts to manage financial risk and secure access to liquidity in case of severe downside scenarios. Further information on the management of financial risks is included in the Directors' report.

The company operates in a mature market and, as such, faces significant pressure from competitors and this is expected to continue for the foreseeable future. This risk is countered by a range of measures including the product portfolio offered by the group, which is continually being enhanced for the benefit of customers, the expanding scope of services, a strong focus on price-relevant sales and the ability to offer attractive financing solutions, supported by fellow group financing entities. The company and the group is able to offer customers industry leading solutions to the challenges posed by Industry 4.0.

JUNGHEINRICH UK LIMITED STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

Corporate Governance – Section 172(1) Statement

The Executive Management Team is committed to high standards of corporate governance and stewardship. Each director continues to be mindful of his/her statutory duty to promote the success of the company for the benefit of the members as a whole, and in doing so having regard (amongst other matters) to those factors set out in section 172(1)(a) to (f) of the Companies Act 2006 as set out below.

Collectively the Executive Management Team recognises how having regard to these and other relevant factors and stakeholder groups in their decision-making contributes to the success of the company. Depending on the matter in question, the relevance of different stakeholder interests and other factors will inevitably vary and the Executive Management Team may have to make difficult decisions based on competing priorities, which means that it may not always be possible to provide a favourable outcome for all stakeholders.

On appointment to the Executive Management Team, the directors are provided with an induction programme. This includes a briefing on the directors' statutory duties and directors are also provided with various opportunities to meet key stakeholders.

Ahead of all Executive Management Team meetings, the directors are supplied with information which highlights relevant stakeholder considerations and other factors considered relevant to the matter under consideration. Members of the Executive Management Team, and other key employees, attend and make presentations as appropriate at meetings, including in relation to the outcome of stakeholder engagement.

A programme of strategic and other reviews, together with training provided during the year, ensures that the directors continually update their skills and knowledge.

The directors of Jungheinrich UK Limited consider, both individually and together, that they have acted in good faith in the way they believe would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Companies Act 2006) in the decisions taken during the year ended 31 December 2021, and in doing so have regard, among other matters, to the following:

JUNGHEINRICH UK LIMITED
STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021
(CONTINUED)

Corporate Governance - Section 172(1) Statement (continued)

Consideration	Response
<p>The likely consequences of any decision in the long term</p>	<p>The Board of Directors regularly reviews the company's long term strategy, which encompasses not only the current phase of development, but also future areas of growth. At every meeting the directors review the progress against strategic priorities and the changing shape of the business portfolio. The directors also receive regular updates and reports on progress of the wider Jungheinrich Group strategy, including the development of next strategic phases.</p> <p>The directors have a strong mutual understanding of the business model and decisions are made always with the long term strategy in mind. The strategy set by the Executive Management Team is intended to strengthen the company's position as a leading supplier of materials handling equipment and intralogistics solutions while keeping safety and social responsibility fundamental to its business approach.</p> <p>In 2021 items on the Board of Directors' agenda have regularly been linked to the relevant aspect of strategy and the proposed timeframe for delivery of the expected action. The board includes relevant specialist areas from within the organisation in their board meetings and regularly requests the input of external advisors about what issues might frame the commercial environment in which the company will operate in future.</p> <p>The resulting assessment of future development helps inform the Board of Directors' decision-making and the balance between short-term and long term measures and actions. Ultimately, Executive Management Team decisions are taken in what it believes to be the best interest of the long-term financial success of the company and its stakeholders.</p>

JUNGHEINRICH UK LIMITED
STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021
(CONTINUED)

Corporate Governance - Section 172(1) Statement (continued)

Consideration	Response
<p>The interests of the company's employees</p>	<p>The directors recognise that a highly motivated and skilled workforce is critical for the success of the business in achieving its strategic ambitions.</p> <p>The health and wellbeing of the workforce is a high priority for the directors. Pay, benefits and other support provisions are kept under regular review by the directors to ensure employees have the support they need from the company.</p> <p>The workplace environment is considered key to maintaining a motivated workforce. The company is constantly reviewing its infrastructure portfolio and, in September 2021, the new operational Hub in the north of England was opened to provide modern and flexible work environment for the local workforce. The second phase of that project will look into developing the company's Headquarter in Milton Keynes to deliver the same benefit to its workforce in the south.</p> <p>2021 was still much affected by the COVID-19 pandemic, which the company continued to address with flexible working solutions to ensure the workforce, customers and business partners remained healthy and safe when conducting business with or for the company.</p> <p>The majority of business premises remained closed for long periods throughout the year and office-based employees remained home working as far as possible, with restricted and controlled attendance to company sites. Where appropriate, additional personal protective equipment and testing kits have been provided to ensure employees can continue to work safely. The company has worked closely with suppliers and customers to ensure a safe working environment is provided in whichever locations employees and business partners are asked to work.</p> <p>The company has worked hard to enhance communications with the workforce in the form of newsletters, email announcements and more informal online meetings to ensure the workforce continue to be engaged and informed on company results, strategy and policies as well as changes to the economic environment. The company's Business Continuity Team is meeting regularly to ensure employees are kept well informed, and matters of employee wellbeing are dealt with promptly and effectively.</p>

JUNGHEINRICH UK LIMITED
STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021
(CONTINUED)

Corporate Governance - Section 172(1) Statement (continued)

Consideration	Response
The interests of the company's employees (continued)	<p>To ensure that it continues to involve employees in decisions the company has launched a platform called Engagement Multiplier in 2021. This is for the purpose of monitoring and improving engagement levels across the business, listening to employees' ideas and concerns and creating open and honest feedback. This links with the recent Investors In People re-accreditation (awarded Silver Status) in early 2022, which shows a clear demonstration and commitment from the company to involve, develop and engage with their employees.</p>
The need to foster the company's business relationships with suppliers, customers and others	<p>The Jungheinrich UK Strategy 2025+ places customers firmly in the centre of the company's approach and decision making, supporting customers' needs with sustainable, energy-efficient intralogistics solutions in a consultative selling approach.</p> <p>In order to deliver on that commitment, the company requires strong, mutually beneficial relationships with all partners along the supply chain, i.e. customers, vendors, logistics and other business partners.</p> <p>The company engages with customers through our dedicated sales and customer services teams who are tasked with helping our customers become more operationally efficient in their materials handling processes, thereby becoming better able to meet their own objectives. For example, all functions in Sales Operations have been constantly supporting the operational sales team and therefore our existing customer and prospect base by ensuring equipment availability during required peak seasons and proactively engaged with customers on their upcoming demands. Furthermore, regular customer review meetings are scheduled with individual customers to ensure fleet performance is in line with agreed service levels, establish any trends and discuss issues, and that all relevant compliance elements are covered to cement the company's position as a premium supplier in the market.</p> <p>Additionally, the company operates an online "Profishop" offering, which caters for less complex requirements of our customers.</p> <p>The company operates a robust supplier onboarding process and carries out regular supplier audits to ensure adherence to the company's standards and expectations and to verify the provision of goods and services being supplied has continued as expected and agreed.</p>

JUNGHEINRICH UK LIMITED
STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021
(CONTINUED)

Corporate Governance - Section 172(1) Statement (continued)

Consideration	Response
<p>The impact of the company's operations on the community and the environment</p>	<p>The environmental and societal impact of Jungheinrich UK has a major and distinct part in its redefined strategic objectives for 2025+. The company pursues a program that seeks to accelerate the reduction of the impact of its operations on the environment and to become carbon neutral by 2030 or earlier, measuring and reporting its performance against the targets that it has set for itself.</p> <p>During 2021, the company has continued to focus heavily on improving the fuel efficiency of its vehicle fleet by beginning to move all its passenger-fleet to an electric or hybrid fleet-portfolio. Because of the continued restrictions due to the pandemic travel activity was still very restricted and contributed to reduced use of energy in general, and fossil fuel for the vehicle fleets specifically.</p> <p>Additionally, due to site consolidation in the north and the continued closure of sites, use of electricity and heating across the business has remained subdued.</p>
<p>The desirability of the company maintaining a reputation for high standards of business conduct</p>	<p>The company's policies on a wide range of business and ethics related practices are regularly reviewed and updated as necessary so as to ensure continued compliance with legal and regulatory requirements and good industry practice, including its Code of Conduct, Modern Slavery Statements, and Tax Strategy, to ensure that high standards are maintained both within the company and the business relationships it maintains.</p> <p>The company endeavors to work to the highest quality standards in all areas of the business. To enable and promote continual improvement, Jungheinrich UK complies with a high level of ISO certification and other standards as relevant, to manage business risk. The company subjects itself to audits and re-assessments, in order to maintain and improve performance.</p> <p>During 2021, the company initiated the process to become ISO27001 certified, to demonstrate its commitment to high standards of Information Security, which it endeavors to be awarded in 2022.</p> <p>Another major focus in respect of high standards is the environmental sustainability and how Jungheinrich can support customers on their own "green journey". This is driven by Jungheinrich UK's product portfolio as well as the approach to solution design.</p>


JUNGHEINRICH UK LIMITED
STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021
(CONTINUED)

Corporate Governance - Section 172(1) Statement (continued)

Consideration	Response
The desirability of the company maintaining a reputation for high standards of business conduct (continued)	From its HR-function, the company monitors several strategic Performance Indicators that focus on attrition, voluntary leavers, sickness absence and recruitment. We ensure that these measures are under on-going review (both internally and externally) to ensure any adverse movement is detected early and mitigating controls be put in place to ensure a high level of continuity, which is crucial in establishing a culture of high standards within the business. In 2021, the company has introduced the Engagement Multiplier that will help to monitor employee engagement levels and aid in developing the company culture in respect of high standards and business conduct.
The need to act fairly as between members of the company	<p>After weighing up all relevant factors, the directors consider which course of action best enables delivery of its strategy in the long-term, taking into consideration the impact on all stakeholders.</p> <p>HR ensure that the company maintains fair, legal and updated policies, giving employees and managers procedures and guidelines to promote a good and fair working culture. HR's role is also to proactively promote fairness and consistency across the business and teams.</p> <p>Managers have a duty to hold regular team meetings, as well as face to face meetings with individual team members and the company introduced tools to ensure that these take place on a regular basis and that individuals' concerns, also in respect of fairness, are being heard, documented and addressed.</p>

The Executive Management Team are committed to keeping engagement methods under review to ensure they remain effective and ensure that stakeholder interests are appropriately considered over the course of decision-making.

The Strategic report was approved by the board of directors and signed on its behalf by:


A Rosenkranz
Director

26/9/ 2022

JUNGHEINRICH UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and audited financial statements for the year ended 31 December 2021.

Results and dividends

The company's profit for the financial year was £5,886k (2020: £6,522k). After the year end, the directors have declared and paid a dividend of £5,000k payable to the sole shareholder in the company, Jungheinrich UK Holdings Limited (2020: £6,000k).

Future developments

Future developments are included within the Strategic report.

Independent auditors

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors. PricewaterhouseCoopers LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Financial risk management objectives and policies

The company's activities give rise to a number of financial risks including price risk, foreign exchange risk, credit risk, liquidity risk and interest rate risk. Further details on these risks and the company's approach to risk management are included below.

Price Risk

The company is exposed to price risk as a result of its operations. The company sources most supplies from other group companies at agreed prices. The company has no exposure to equity securities price risk as it holds no listed or other equity investments.

Foreign exchange risk

The company purchases the majority of its supplies from fellow group subsidiaries at prices denominated in Euros. As such, the company is exposed to foreign exchange risk on outstanding Euro balances as well as the risk of longer term exchange rate trends impacting the cost of goods purchased, and therefore profitability. The company seeks to mitigate foreign exchange risk by entering into forward exchange rate contracts with third party banks covering future forecast purchases.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual company is subject to a limit, which is assessed by the credit management function with reference to external credit management agencies.

Liquidity risk

The company's planning, forecasting and working capital management processes are designed to mitigate liquidity risk arising from ongoing trade and any planned growth. When required, the company has access to external loans secured by other companies within the Jungheinrich group. The liquidity of the company is discussed further in the going concern consideration in note 1.4 to the financial statements.

JUNGHEINRICH UK LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021
(CONTINUED)

Streamlined Energy and Carbon Reporting

Jungheinrich UK Ltd recognises that its operations have an environmental impact and the directors are committed to monitoring and reducing emissions year-on-year. The directors are also aware of the company's reporting obligations under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. As such, this year the company has enhanced its energy and carbon reporting to meet these new requirements and increase the transparency with which the company's environment impact is communicated to stakeholders.

Results

Streamlined Energy and Carbon Reporting in the UK for the year ended 31 December 2021	Consumption kWh	Emissions tCO_{2e}
Scope 1		
Stationary combustion	1,728,070	367
Mobile combustion	7,406,474	1,752
Total scope 1	9,134,544	2,119
Scope 2		
Purchased electricity – market based	933,519	198
Total scope 2	933,519	198
Scope 3		
Other indirect emissions from business travel and transportation	-	-
Total scope 3	-	-
Total energy consumption used to calculate emissions / total gross emissions	10,068,063	2,317
Intensity ratio: tCO_{2e} per full time employee		3.00

Methodology

The company reports on all material emissions in scope 1 and 2, plus selected scope 3 emissions, using an operational control approach. The methodology used to compile the GHG (Greenhouse Gas) emissions inventory is in accordance with the requirements of the following standards: the WRI GHG Protocol Corporate Standard (revised version) and Defra's Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting requirements (March 2019).

JUNGHEINRICH UK LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021
(CONTINUED)

Streamlined Energy and Carbon Reporting (continued)

Energy Efficiency Action

We work hard to reduce our energy consumption and associated carbon emissions through the course of each year.

In the period covered by the report, the Company has seen an increase in energy consumption. However, this was as a result of increased travel when compared to the previous year's report due to the return to normal activities during 2021. Despite the overall increase, there has been a reduction on both stationary combustion (-14 tCO₂e) and purchased electricity (-17.61 tCO₂e).

In 2022, the Company have reviewed the real estate strategy in line with the carbon reduction plan and will be closing the Sheffield office. There will be further reductions as a result of the new building in Omega Park, which became operational in October 2021. This new building has photovoltaic technology and is expected to provide an energy saving of 20% kWh/sqft, equating to a minimum 10% energy saving on kWh per annum. We continue to review our fleet and all new company cars leased are electric or hybrid vehicles. We continue to use our management systems (ISO 50001 & 14001) to identify energy efficiency actions and drive continuous improvement.

Relevance

We have ensured the GHG inventory appropriately reflects the material GHG emissions of the Company across its operations in the UK, during 2021 and serves the decision-making needs of users, both internal and external to the Company.

Completeness

Jungheinrich UK Ltd continues to use the operational control approach for defining the scope of its GHG emissions inventory and calculates total direct scope 1, 2. Data on some emissions sources remains challenging to obtain, and therefore has been excluded from the overall GHG emissions summary for 2021 for example: emissions from business travel in rental cars or employee - owned vehicles where the company is responsible for purchasing the fuel.

Accuracy

To our knowledge, data are considered accurate within the limits of the quality and completeness of the data provided.

Ethical code of conduct and Bribery Act

The directors operate an ethical code of conduct and an Anti-Bribery policy that they take very seriously and expect all their employees, suppliers and customers to abide by and respect in all matters of business.

JUNGHEINRICH UK LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021
(CONTINUED)

Labour

The company is committed to ensuring it conducts its business in an ethical and transparent manner. Through a number of internal policies and controls, the company has sought to ensure that its supply chain is free from unethical practices including slavery and human trafficking, and has continued to adhere to the principals and requirements of the Modern Slavery Act 2015 throughout the period.

As per section 54 of the Modern Slavery Act 2015, the company's Modern Slavery Statement is reviewed and approved by the board of directors on an annual basis and published on its website. In May 2022 the directors approved the company's Modern Slavery Statement for the 2021 financial year, which details the company's commitment, policies, processes and actions taken to ensure that slavery and human trafficking are not taking place in its supply chains or any part of its business. More information on the company's statement can be found on its website.

Employees

Applications for employment by disabled persons are always fully considered with due regard to the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and the appropriate support is provided. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

The company strongly values the engagement of employees at all levels and places emphasis on the importance of good communication across the business. This helps to ensure views are taken into account when decisions are made that are likely to affect the interests of employees and that all employees are aware of the financial and economic performance of the business. Engagement with all employees continues through formal and informal meetings, newsletters and other media communications. During the COVID-19 pandemic, the importance of employee engagement has increased, whilst at the same time presenting more of a challenge as employees were asked to work from home where possible. The company has sought to meet this challenge through implementation of technological solutions to facilitate communication and engagement across the workforce.

The company's apprenticeship programme is well-established and continues to be a key source of talent for the business. The programme offers a broad variety of apprenticeships at different levels across the business, putting the apprentices at the heart of their development, building on an ethos of the highest quality and ensuring that through their training, they have the best start to their career with us.

Directors

The directors of the company, including any changes during the year and up to the date of signing these financial statements are listed on page 1.

JUNGHEINRICH UK LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021
(CONTINUED)

Directors' qualifying third party indemnity provision

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision was in force during the financial year and remains in force as at the date of approving the directors' report.

Going concern

The financial statements are prepared on a going concern basis, which the directors believe to be appropriate for the reasons outlined below.

Taking into account changes in trading performance, the company's forecast and projections enable the directors to be confident that the company can operate within its bank facilities currently in place. Jungheinrich AG, the ultimate parent company, has allocated group banking facilities for Jungheinrich UK Limited, which the directors believe would provide sufficient support in the absence of any other bank facilities. Additionally, Jungheinrich AG has committed to provide ongoing financial support for a minimum of 12 months from the date of approval of these financial statements, sufficient to enable the company to meet its obligations as they fall due.

The company has a resilient balance sheet position, with net assets of £68,106k as at 31 December 2021 (2020: £62,436k), having made a profit after tax of £5,886k for the year then ended (2020: £6,522k) and held a cash and cash equivalents balance of £19,986k as at 31 December 2021 (2020: £23,059k).

The company participates in a group cash-deposit arrangement, under which the company held a positive balance of £22,005k at 31 December 2021 (2020: £33,500k). This balance is included in the balance sheet as an amount owed by group undertakings as set out within note 13. Under the arrangements held with the group treasury function, the company is able to gain immediate access on a monthly basis to these deposited funds and determine whether to hold the cash or re-deposit with group treasury to earn a return.

Accordingly, the directors are confident that the company will have sufficient funds to continue in operational existence and to meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements and they continue to adopt the going concern basis of accounting in preparing these financial statements.

Creditor payment policy

Our policy is to pay suppliers within their agreed terms. All suppliers are informed of our policy on the establishment of a new supplier account.

Political contributions

No political donations were made during the year (2020: £nil).

JUNGHEINRICH UK LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021
(CONTINUED)

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

JUNGHEINRICH UK LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021
(CONTINUED)

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



A Rosenkranz
Director

26/9/2022

Sherbourne House
Sherbourne Drive
Tilbrook
Milton Keynes
Buckinghamshire
MK7 8HX



Independent auditors' report to the members of Jungheinrich UK Limited

Report on the audit of the financial statements

Opinion

In our opinion, Jungheinrich UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2021; the Profit and Loss Account, the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Independent auditors' report to the members of Jungheinrich UK Limited (continued)

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance

Independent auditors' report to the members of Jungheinrich UK Limited (continued)

is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to taxation legislation, the Pensions Act 2014 and the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Detailed discussions with management and walkthrough procedures to understand and evaluate the controls designed to prevent and detect irregularities and fraud;
- Reviewing minutes of meetings of those charged with governance;
- Reviewed legal expenses to identify any inconsistencies with other information provided by management;
- Assessing significant judgements and estimates including those relating to revenue from long-term customer contracts, defined benefit obligations and the disclosures included on these balances within the financial statements;
- Incorporating elements of unpredictability; and
- Identifying and testing journal entries, in particular journal entries posted with unusual account combinations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent auditors' report to the members of Jungheinrich UK Limited (continued)

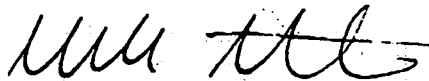
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Mark Foster (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Milton Keynes
27 September 2022

JUNGHEINRICH UK LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £'000	2020 £'000
Turnover	3	200,490	189,945
Cost of sales		(125,362)	(119,078)
Gross profit		75,128	70,867
Other operating income		51	429
Staff costs	5	(44,751)	(41,609)
Depreciation and amounts written off tangible and intangible fixed assets	10, 11	(8,073)	(7,332)
Other operating expenses		(14,580)	(15,597)
Operating profit	8	7,775	6,758
(Loss) / gain on derivative financial instruments	22	(857)	793
Interest receivable and similar income	6	311	502
Interest payable and similar expenses	7	(200)	(154)
Profit before taxation		7,029	7,899
Tax on profit	9	(1,143)	(1,377)
Profit for the financial year		5,886	6,522

All results are derived from continuing operations.

The notes on pages 25 to 56 form a part of these financial statements.

JUNGHEINRICH UK LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £'000	2020 £'000
Profit for the financial year		5,886	6,522
Other comprehensive income / (expense)			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gains / (losses) on defined benefit pension scheme	21	9,493	(4,998)
Deferred tax (charge) / credit on actuarial losses and gains	9	(2,963)	653
Items that may be reclassified subsequently to profit and loss:			
(Losses) / gains from the measurement of financial			
Instruments with a hedging relationship	22	(4,098)	2,206
Amounts transferred to profit and loss account	22	3,103	105
Deferred tax attributable to measurement of financial			
instruments with a hedging relationship	9	249	(392)
Other comprehensive income / (expense)		5,784	(2,426)
Total comprehensive income for the year		11,670	4,096

The notes on pages 25 to 56 form a part of these financial statements.

JUNGHEINRICH UK LIMITED
BALANCE SHEET AS AT 31 DECEMBER 2021

	Note	2021 £'000	2020 £'000
Fixed assets			
Intangible assets	10	2	8
Tangible assets	11	38,065	27,114
Total fixed assets		38,067	27,122
Current assets			
Deferred tax assets	20	1,672	1,911
Stocks	12	24,395	13,446
Debtors: amounts falling due within one year	13	81,840	87,409
Debtors: amounts falling due after more than one year	14	15,893	15,189
Derivative financial assets held for trading	22	-	133
Derivative financial assets designated for hedging	22	-	133
Cash and cash equivalents	15	19,986	23,059
Total current assets		143,786	141,280
Creditors: amounts falling due within one year	16	(81,469)	(68,669)
Derivative financial liabilities held for trading	22	(817)	(93)
Derivative financial liabilities designated for hedging	22	(1,011)	(149)
Total current liabilities		(83,297)	(68,911)
Net current assets		60,489	72,369
Total assets less current liabilities		98,556	99,491
Creditors: amounts falling due after more than one year	17	(28,845)	(31,568)
Deferred tax liabilities	20	(4,685)	(1,668)
Provisions for liabilities	19	(17,004)	(13,713)
Net assets excluding pension asset		48,022	52,542
Net pension asset	21	20,084	9,894
Net assets including pension asset		68,106	62,436
Capital and reserves			
Called up share capital	23	34,000	34,000
Hedging reserve		(758)	(13)
Profit and loss account		34,864	28,449
Total Shareholders' funds		68,106	62,436

The notes on pages 25 to 56 form a part of these financial statements.

The financial statements on pages 21 to 56 were approved by the board of directors and authorised for issue on 26/9/ 2022. They were signed on its behalf by:


A. Rosenkranz
Director

JUNGHEINRICH UK LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED
31 DECEMBER 2021

	Called up share capital	Profit and loss account	Hedging reserve	Total
	£'000	£'000	£'000	£'000
Balance at 1 January 2020	34,000	26,272	(1,932)	58,340
Profit for the year	-	6,522	-	6,522
Other comprehensive (expense) / income for the year	-	(4,345)	1,919	(2,426)
Total comprehensive income for the year	-	2,177	1,919	4,096
Balance at 31 December 2020	34,000	28,449	(13)	62,436
Balance at 1 January 2021	34,000	28,449	(13)	62,436
Profit for the year	-	5,886	-	5,886
Other comprehensive income / (expense) for the year	-	6,529	(745)	5,784
Total comprehensive income for the year	-	12,415	(745)	11,670
Dividend	-	(6,000)	-	(6,000)
Balance at 31 December 2021	34,000	34,864	(758)	68,106

The profit and loss account reserve represents accumulated retained earnings.

The hedging reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective in cash flow hedges.

The notes on pages 25 to 56 form a part of these financial statements.

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2021

1 PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

1.1 General information

Jungheinrich UK Limited is a private company limited by shares and incorporated, domiciled and registered in England, United Kingdom. The registered number is 00757192 and the address of the registered office is Sherbourne House, Sherbourne Drive, Tilbrook, Milton Keynes, Buckinghamshire, MK7 8HX. The nature of the company's operations and its principal activities are set out in the Strategic Report on page 2.

The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the company operates (its functional currency).

The company meets the definition of a qualifying entity under Financial Reporting Standard 100 (FRS 100) issued by the Financial Reporting Council. Accordingly, the company has prepared these financial statements in accordance with The Companies Act 2006 as applicable to companies reporting under FRS 101 as issued by the Financial Reporting Council and has, in doing so, applied the requirements of IFRS 1.6-33 and related appendices. These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- The requirement of IFRS 7 Financial Instruments: Disclosures;
- The requirements of paragraph 91-99 of IFRS 13 Fair Value Measurement;
- The requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of: Paragraph 79(a) (iv) of IAS 1 Presentation of Financial Statements; and Paragraph 73(e) of IAS 16 Property, Plant and Equipment; and Paragraph 118(e) of IAS 38 Intangible Assets;
- The requirement of paragraphs 10(d), 10(f), 16, 38A, 38Bm 38c, 38D, 40A-D1 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- The requirement of IAS 7 Statement of Cash Flows;
- The requirement of paragraph 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- The requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures;
- The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group;

The preparation of Financial Statements in conformity with FRS 101 did not require the use of any critical accounting estimates or any significant areas of judgement.

1.2 Changes in accounting policy

There have been no changes in applicable accounting standards which have a material impact on these financial statements. Accordingly, there have been no changes in accounting policy for the financial year.

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2021 (CONTINUED)

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.3 Basis of accounting

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments that are measured at fair value at the end of each reporting period as explained in the accounting policy for financial instruments below, together with the measurement of the defined benefit pension scheme assets and liabilities as explained in the accounting policy for pensions disclosed below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below.

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2021 (CONTINUED)

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.4 Going concern

The financial statements are prepared on a going concern basis which the directors believe to be appropriate for the reasons outlined below.

Taking into account changes in trading performance, the company's forecast and projections enable the directors to be confident that the company can operate within its bank facilities currently in place. Jungheinrich AG, the ultimate parent company, has allocated group banking facilities for Jungheinrich UK Limited, which the directors believe would provide sufficient support in the absence of any other bank facilities. Additionally, Jungheinrich AG has committed to provide ongoing financial support for a minimum of 12 months from the date of approval of these financial statements, sufficient to enable the company to meet its obligations as they fall due.

The company has a healthy balance sheet position, with net assets of £68,106k as at 31 December 2021 (2020: £62,436k), having made a profit after tax of £5,886k for the year then ended (2020: £6,522k) and held a cash and cash equivalents balance of £19,986k as at 31 December 2021 (2020: £23,059k).

The company participates in a group cash-deposit arrangement, under which the company held a positive balance of £22,005k at 31 December 2021 (2020: £33,500k). This balance is included in the balance sheet as an amount owed by group undertakings as set out within note 13. Under the arrangements held with the group treasury function, the company is able to gain immediate access on a monthly basis to these deposited funds and determine whether to hold the cash or re-deposit with group treasury to earn a return.

Accordingly, the directors are confident that the company will have sufficient funds to continue in operational existence and to meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements and they continue to adopt the going concern basis of accounting in preparing these financial statements.

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2021 (CONTINUED)

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.5 Intangible and tangible fixed assets

Purchased intangible assets with a finite useful life are carried at acquisition cost less accumulated amortisation and impairments. Amortisation is recognised on a straight line basis over their useful economic life.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are recognised in profit or loss when the asset is derecognised.

Tangible assets are carried at historical acquisition cost less accumulated depreciation and impairments. Land is not depreciated.

Depreciation is provided on all tangible assets other than freehold land. Trucks on hire are depreciated using the reducing balance method. All other fixed assets are depreciated at rates calculated so as to write off the cost of tangible fixed assets on a straight line basis over the expected useful economic lives of the assets concerned.

The principal lives used for this purpose are:

Intangible assets:

Software	3 - 8 years
----------	-------------

Tangible assets:

Freehold land and buildings	30 years
Leased land and buildings	Remaining lease term
Leased motor vehicles	Remaining lease term
Fixtures, fittings, tools and equipment	3 - 10 years
Plant and machinery	5 - 10 years
Trucks on hire to customers	6 - 9 years

At each balance sheet date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated.

Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. The value in use is calculated as the estimated discounted future cash flows. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount and the impairment loss is recognised immediately in profit or loss.

If there is an indication that an impairment loss recognised in previous years may no longer exist or may have decreased, the recoverable amount of the asset is estimated and the previously recognised impairment is reversed if appropriate.

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2021 (CONTINUED)

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.6 Leases policy

The company accounts for leases under IFRS 16. At inception of a contract, the company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the company uses the definition of a lease in IFRS 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the company by the end of the lease term or the cost of the right-of-use asset reflects that the company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Generally, the company uses its incremental borrowing rate as the discount rate.

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2021 (CONTINUED)

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.6 Leases policy (continued)

As a lessee (continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the company is reasonably certain to exercise, and
- lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, if the company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company presents right-of-use assets that do not meet the definition of investment property within tangible fixed assets and lease liabilities within creditors in the statement of financial position.

Short-term leases and leases of low-value assets

The company has elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets and short-term leases. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2021 (CONTINUED)

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.6 Leases policy (continued)

As a lessor

At inception or on modification of a contract that contains a lease component, the company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the company applies IFRS 15 to allocate the consideration in the contract.

The company applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The company further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The company recognises lease payments received under operating leases as income on a straight-line basis over the lease term.

Generally, the accounting policies applicable to the company as a lessor in the comparative period were not different from IFRS 16 except for the classification of the sub-lease entered into during current reporting period that resulted in a finance lease classification.

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2021 (CONTINUED)

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.7 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes materials and direct labour. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and costs to be incurred in marketing, selling and distribution. A provision is made for obsolete, slow-moving or defective items where appropriate.

1.8 Sale and repurchase transactions

A significant portion of the company's UK sales are through related party leasing companies whereby the company sells equipment to the leasing company, which in turn enters into a lease agreement with the customer. As part of the sale, the company commits to repurchase the equipment in the future at a specified price.

Consequently, the company has a liability to repurchase equipment in the future, which is matched by an equivalent asset, being the value of the equipment to be repurchased, subject to the extent that the agreed repurchase price of the equipment does not exceed its realisable value at the time of repurchase.

Accordingly, an asset is recorded on the balance sheet within Other debtors at the lower of cost and net realisable value in relation to the equipment to be repurchased, and the corresponding liability is recorded within creditors payable either within or after one year, according to the timing of the commitments.

1.9 Revenue

Revenue is stated net of VAT and trade discounts.

Revenue on sale of goods is recognised when the rights and obligations associated with the goods have been transferred to the customer. No turnover is recognised in relation to goods expected to be returned under sale and repurchase transactions.

Revenue from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration, and is recorded at the value of the consideration due. For fixed term service contracts, turnover is recognised on a straight-line basis over the term of the contract. Revenue on short-term services rendered is recognised upon job completion.

Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

The company also operates certain installation contracts that may be partially completed at the balance sheet date. Revenue and profit on these contracts is recognised by reference to the stage of completion of the contract. Expected losses are recognised immediately and in full in the profit and loss account.

Rental income received under operating leases is recognised as described in the company's accounting policy for leased assets above.

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2021 (CONTINUED)

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.10 Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax values used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax is generally recognised for all taxable temporary differences to the extent that it is probable that taxable profits will be available against which temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax arising in the year are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2021 (CONTINUED)

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.11 Foreign currency transactions

Foreign currency transactions completed during the year are recorded at the rate of exchange when the transactions occurred. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange prevailing at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the year in which they arise except where they arise on certain financial instruments entered into for the purpose of hedging foreign currency risk (see below accounting policy on financial instruments).

1.12 Pensions

For the company's defined contribution scheme, the amounts charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable for the year on an accruals basis.

The company operates a defined benefit pension scheme, the Jungheinrich UK Limited Retirement Scheme (the scheme). The amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service pension costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of interest payable and similar charges. Actuarial gains and losses are recognised immediately in the statement of comprehensive income.

The scheme is funded, with the assets held separately from those of the company, in trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, is presented separately after other net assets on the face of the balance sheet. The pension costs have been calculated under IAS 19 and assumptions used in the calculations are disclosed in note 21.

1.13 Finance costs

As explained below, where financial liabilities are measured at amortised cost, the associated finance costs are recognised in profit or loss using the effective interest method. All other borrowing costs are recognised in profit or loss in the year in which they are incurred.

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2021 (CONTINUED)

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.14 Financial instruments

(a) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(b) Classification of financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2021 (CONTINUED)

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.14 Financial instruments (continued)

(b) Classification of financial assets (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

(c) Subsequent measurement of financial assets

Financial assets at FVTPL - these assets (other than derivatives designated as hedging instruments) are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI - these assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI - these assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

(d) Financial liabilities and equity

Financial instruments issued by the company are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2021 (CONTINUED)

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.14 Financial instruments (continued)

(d) Financial liabilities and equity (continued)

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Intra-group financial instruments

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

(e) Derivative financial instruments and hedging

Derivative financial instruments are primarily used for the purposes of hedging. The company has opted to continue to apply the provisions of IAS 39 when accounting for hedges, as permitted by IFRS 9.

The company designates certain hedging instruments, which include derivatives, in respect of foreign currency risk, as either fair value hedges or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Note 22 sets out details of the fair values of the derivative instruments used for hedging purposes.

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2021 (CONTINUED)

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.14 Financial instruments (continued)

(e) Derivative financial instruments and hedging (continued)

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the profit and loss account as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the company revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income at that time is accumulated in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

(f) Impairment

The company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets (as defined in IFRS 15).

The company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2021 (CONTINUED)

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.14 Financial instruments (continued)

(f) Impairment (continued)

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

1.15 Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Warranties

Provisions for the expected cost of warranty obligations are recognised at the date of sale of the relevant goods, at the directors' best estimate of the expenditure required to settle the company's obligation.

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2021 (CONTINUED)

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.15 Provisions (continued)

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

2 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, which are described in note 1 above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The valuation of the company's liability in respect of the defined benefit pension scheme is a source of key estimation uncertainty. Further information around the sensitivity of the valuation to key assumptions is included within note 21.

Additionally, the measurement of provisions recognised in relation to loss making full services contracts is a source of key estimation uncertainty and further information is included within note 19.

The Company undertakes installation of warehouse systems that frequently span more than one accounting period and are recognised over time. The Company's accounting policies for these systems require revenues and costs to be allocated on an over time basis and the consequent recognition at period end of contract assets or liabilities for systems still in progress. The application of these policies requires management to apply judgement in estimating the total revenue and total costs expected on each project and also to estimate the stage of completion. Such estimates are revised as a project progresses to reflect the current status of the project and the latest information available to management. Project management teams perform regular reviews to ensure the latest estimates are appropriate

The company estimates the future residual value for trucks sold on contracts with buy back guarantees. Expected reductions in future residual values are estimated at year end and booked in the financial statements.

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2021 (CONTINUED)

3 REVENUE

The company's turnover is analysed as follows:

	2021	2020
	£'000	£'000
Sale and installation of goods and equipment	95,331	89,226
Rendering of services	72,848	72,453
Equipment rental income	32,311	28,266
Turnover	<u>200,490</u>	<u>189,945</u>

Contributions to turnover by geographical area (by destination) were as follows:

	2021	2020
	£'000	£'000
United Kingdom	198,146	184,890
Rest of the World	2,344	5,055
	<u>200,490</u>	<u>189,945</u>

Turnover includes £73,180k (2020: £68,637k) derived from other group undertakings. All turnover originates from the company's principal activity.

The company has recognised the following assets and liabilities in relation to contracts with customers:

	2021	2020
	£'000	£'000
Contract assets	2,767	886
Contract liabilities	(16,089)	(7,521)

Contract liabilities have increased year on year due to an increased volume of project work requiring advanced payments from customers.

Revenue of £2,276k (2020: £4,086k) has been recognised in the year that was included in the contract liability balance at the beginning of the period.

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2021 (CONTINUED)

4 DIRECTORS' REMUNERATION

	2021 £'000	2020 £'000
Salaries	535	490
Company contributions to pension scheme	37	15
	<u>572</u>	<u>505</u>

The directors are members of a money purchase pension scheme. No directors have accrued retirement benefits under a defined benefit scheme (2020: £nil).

The remuneration of the highest paid director totalled £347k, which includes £19k pension contributions (2020: £327k, including £nil pension contributions).

5 EMPLOYEE INFORMATION

The average monthly number of persons (including executive directors) employed by the company during the year was:

	2021	2020
By activity		
Service	503	503
Administration and sales	262	257
	<u>765</u>	<u>760</u>

	2021 £'000	2020 £'000
Their aggregate remuneration comprised:		
Wages and salaries	36,962	32,978
Social security costs	4,459	3,709
Pension costs relating to defined contribution scheme	3,330	3,607
Current service costs - defined benefit pension scheme (note 21)	-	1,045
Past service pension costs (note 21)	-	270

Total staff costs	<u>44,751</u>	<u>41,609</u>
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6 INTEREST RECEIVABLE AND SIMILAR INCOME

	2021 £'000	2020 £'000
Interest on deposits with other group companies	168	176
Interest on deposits with third party banks	1	10
Net return on pension scheme (note 21)	<u>142</u>	<u>316</u>
	<u>311</u>	<u>502</u>

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2021 (CONTINUED)

7 INTEREST PAYABLE AND SIMILAR EXPENSES

	2021 £'000	2020 £'000
Interest payable to other group companies	12	62
Interest on lease liabilities under IFRS 16	188	92
	<u>200</u>	<u>154</u>

8 OPERATING PROFIT BEFORE TAXATION

Profit before taxation is stated after charging/(crediting):

	2021 £'000	2020 £'000
Amortisation of intangible assets	6	14
Depreciation:		
Owned assets	3,515	2,738
Right-of-use assets	4,552	4,580
Loss on disposal of tangible assets	158	34
Cost of stock recognised as an expense	100,350	96,351
Impairment of stock	541	1,450
Short term leases	86	38
Bad and doubtful debt (income)/expense	(75)	360
Auditors' remuneration for:		
Audit of the company's annual financial statements	148	69
Foreign currency losses/(gains)	3,274	(131)
Staff costs (note 5)	<u>44,751</u>	<u>41,609</u>

9 TAX ON PROFIT

	2021 £'000	2020 £'000
Current tax charge:		
- Current tax on profits for the year	516	1,445
- Adjustments in respect of prior years	85	144
Total current tax	<u>601</u>	<u>1,589</u>
Deferred tax charge:		
- Origination and reversal of timing differences	887	148
- Adjustments in respect of prior years	32	(122)
- Effect of corporation tax rate change	(377)	(238)
Total deferred tax	<u>542</u>	<u>(212)</u>
Total tax charge on profit for the year	<u>1,143</u>	<u>1,377</u>

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2021 (CONTINUED)

9 TAX ON PROFIT (CONTINUED)

In addition to the above amounts charged to the profit and loss account, deferred tax has been charged / (credited) to the statement of comprehensive income as follows:

	2021 £'000	2020 £'000
Deferred tax (credit) / charge on actuarial gains and losses	2,963	(653)
Deferred tax charge / (credit) attributable to measurement of financial instruments with a hedging relationship	(249)	392
Net deferred tax credit through other comprehensive income	2,714	261
Tax charge reconciliation :	2021 £'000	2020 £'000
Profit before tax	7,029	7,899
Current tax at 19% (2020: 19%)	1,336	1,500
Effects of :		
Adjustments in respect of prior years	114	22
Expenses not deductible for tax purposes	75	92
Impact of rate difference between deferred and current tax	(375)	(237)
Effects of group relief	(7)	-
Total tax charge for the year	1,143	1,377

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by Finance Act 2016 on 15 September 2016). However, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of the corporation tax rate, thereby maintaining the current rate of 19%.

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. Deferred taxes on the balance sheet have been measured at 25% (2020: 19%) which represents the future corporation tax rate that was enacted at the balance sheet date.

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2021 (CONTINUED)

10 INTANGIBLE ASSETS

	Computer software
	2021 £'000
Cost	
At 1 January 2021	44
Additions	-
Disposals	-
At 31 December 2021	44
Accumulated amortisation	
At 1 January 2021	36
Charge	6
Disposals	-
At 31 December 2021	42
Net book value at 31 December 2021	2
Net book value at 31 December 2020	8

11 TANGIBLE ASSETS

	Freehold land and buildings	Leased land and buildings	Leased motor vehicles	Fixtures, fittings and equipment	Trucks on hire to customers	Plant and machinery	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost							
At 1 January 2021	6,078	11,911	5,598	2,585	23,573	1,849	51,594
Additions	-	503	2,440	3,960	13,026	369	20,298
Disposals	(250)	(692)	(833)	(133)	(3,022)	(532)	(5,462)
At 31 December 2021	5,828	11,722	7,205	6,412	33,577	1,686	66,430
Accumulated depreciation							
At 1 January 2021	3,111	1,408	2,686	1,907	14,066	1,302	24,480
Charge	185	1,692	1,685	433	3,863	209	8,067
Disposals	(109)	(722)	(792)	(117)	(1,922)	(520)	(4,182)
At 31 December 2021	3,187	2,378	3,579	2,223	16,007	991	28,365
Net book value at 31 December 2021	2,641	9,344	3,626	4,189	17,570	695	38,065
Net book value at 31 December 2020	2,967	10,503	2,912	678	9,507	547	27,114

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2021 (CONTINUED)

12 STOCKS

	2021	2020
	£'000	£'000
Finished goods and spare parts	24,395	13,446

Inventories are stated after provisions for impairment of £541k (2020: £1,450k).

13 DEBTORS: Amounts falling due within one year

	2021	2020
	£'000	£'000
Trade debtors	31,682	25,354
Amounts owed by other group companies	41,942	54,011
Other debtors	5,822	6,440
Corporation tax receivable	1,011	-
Prepayments and accrued income	1,383	1,604
	81,840	87,409

Amounts owed by other group undertakings include £22,005k (2020: £33,500k) placed on short term deposit in a group facility. These amounts are unsecured and are due to mature between one and three months, with a fixed interest rate of 0.11% (2020: 0.05%).

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2021 (CONTINUED)

14 DEBTORS: Amounts falling due after more than one year

	2021 £'000	2020 £'000
Other debtors		
Due between two and five years	14,452	13,779
Due after five years	1,441	1,410
	<u>15,893</u>	<u>15,189</u>

15 CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at 31 December 2021 totalling £19,986k (2020: £23,059k), include amounts placed on short term call deposit with third party banks of £nil (2020: £15,000k).

Amounts of £22,005k (2020: £33,500k) placed on short term deposit in a group facility are included within debtors, amounts falling due within one year (note 13).

16 CREDITORS: amounts falling due within one year

	2021 £'000	2020 £'000
Trade creditors	14,005	13,858
Amounts owed to other group companies	21,048	11,821
Other creditors	3,810	11,175
Corporation tax payable	-	32
Accruals and deferred income	32,256	20,064
Other taxation including social security	1,661	1,715
Lease liabilities	2,646	3,411
Liabilities in respect of sale and repurchase transactions	6,043	6,593
	<u>81,469</u>	<u>68,669</u>

Amounts owed to other group companies are due on normal invoice terms.

Liabilities in respect of sale and repurchase transactions represent the value of commitments to buy back equipment sold to group leasing companies.

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2021 (CONTINUED)

17 CREDITORS: amounts falling due after more than one year

	2021 £'000	2020 £'000
Lease liabilities:		
Due between two and five years	7,298	9,424
Due after five years	4,796	6,227
Liabilities in respect of sale and repurchase transactions:		
Due between two and five years	15,301	14,492
Due after five years	1,450	1,425
	28,845	31,568

Liabilities in respect of sale and repurchase transactions represent the value of commitments to buy back equipment sold to group leasing companies.

18 LEASES

As a lessee

Right-of-use assets included within tangible fixed assets (note 11) are as follows:

Right-of-use assets	Leased land and buildings	Leased motor vehicles	Trucks on hire to customers	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2021	11,911	5,598	13,922	31,431
Additions	503	2,440	-	2,943
Disposals	(692)	(833)	(1,525)	(3,050)
At 31 December 2021	11,722	7,205	12,397	31,324
Accumulated depreciation				
At 1 January 2021	1,408	2,686	9,733	13,827
Charge	1,692	1,685	1,175	4,552
Disposals	(722)	(792)	(1,202)	(2,716)
At 31 December 2021	2,378	3,579	9,706	15,663
Net book value at 31 December 2021	9,344	3,626	2,691	15,661
Net book value at 31 December 2020	10,503	2,912	4,189	17,604

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2021 (CONTINUED)

18 LEASES (CONTINUED)

As a lessee (continued)

Amounts recognised in profit or loss comprise the following:

	2021 £'000	2020 £'000
Interest on lease liabilities	188	92
Expenses relating to short term leases	86	38
	<u>274</u>	<u>130</u>

19 PROVISIONS FOR LIABILITIES

	Product warranty £'000	Loss making contracts £'000	Other £'000	Total £'000
At 1 January 2021	2,156	8,631	2,926	13,713
Utilisation of provision	(3,278)	(336)	(919)	(4,533)
Charge for the year	3,736	3,070	1,018	7,824
At 31 December 2021	2,614	11,365	3,025	17,004

The warranty provision has been calculated to cover the anticipated labour and parts costs for warranty claims on equipment sold to customers. The provision is expected to be fully utilised within one year.

The provision for loss making contracts relates to contracts for the servicing and maintenance of customer trucks, as well as contracts or binding offers where the associated future revenues are exceeded by expected future costs. Provisions for loss making contracts are expected to be utilised over the remaining period of the respective contracts which is typically up to 5 years.

The measurement of the provision for loss making contracts is a key source of estimation uncertainty. The amount provided for service and maintenance contracts is estimated based on historical experience, however the future costs may differ from estimates.

If the discount rate was to be changed by +2% then the provision would increase by £261k and if the discount rate was changed by -2% then the provision would decrease by £290k. This is not a material impact.

Other provisions include provisions for costs relating to rectification work on buildings and leased vehicles and provisions for employees' accrued holiday entitlement and are expected to be utilised within the 2 years.

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2021 (CONTINUED)

20 DEFERRED TAX

The deferred tax balance comprises the following:

	2021 Cumulative provided £'000	2020 Cumulative provided £'000
Deferred tax assets:		
Fixed asset timing differences	1,672	1,911
Short term timing differences	-	-
Total deferred tax asset	1,672	1,911
Deferred tax liabilities:		
Short term timing differences	(4,685)	(1,668)
Total deferred tax liabilities	(4,685)	(1,668)
Net deferred tax (liability) / asset at 31 December	(3,013)	243

The movements in the deferred tax balance during the year are recognised as follows:

	2021 £'000	2020 £'000
Net deferred tax asset/(liability) at 1 January	243	(230)
Charge to profit and loss account for the year	(542)	212
Charge to other comprehensive income	(2,714)	261
Net deferred tax (liability) / asset at 31 December	(3,013)	243

As at 31 December 2021, deferred tax amounts totalling £98k (2020: £66k) in relation to capital losses carried forward were not recognised on the balance sheet due to uncertainties over the future recoverability of those assets.

In the autumn mini-Budget 2022, the Government announced that from 1 April 2023 the planned corporation tax rate increase to 25% from 19% will be cancelled. As the proposal to cancel the rate had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. Deferred tax has been measured at 25% being the enacted rate that prevailed at the balance sheet date. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be immaterial.

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2021 (CONTINUED)

21 PENSION AND SIMILAR OBLIGATIONS

The company operates both a defined contribution pension scheme and a defined benefit pension scheme which is closed to new entrants. Contributions of £nil (2020: £nil) were outstanding at the balance sheet date.

The Jungheinrich UK Limited Retirement Benefits Scheme (the scheme) is a funded defined benefit pension scheme. Contributions to the scheme are determined by the Trustees of the scheme, acting on the advice of the qualified Scheme Actuary.

The scheme operates under UK trust law and the trust is a separate legal entity from the company.

The most recent actuarial valuation of the scheme has been updated to 31 December 2021 by a qualified actuary. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

On the 31 July 2020 the defined benefit scheme was closed to future accrual and the active members joined the company's existing defined contribution pension scheme.

The principal assumptions used by the actuary were:

	2021	2020
	%	%
Expected rate of salary increases	3.4	3.00
Pensions in payment increase rate	3.25	2.90
Discount rate	1.8	1.40
Price inflation rate (RPI)	3.00	3.00
	2021	2020
Assumed life expectancy on retirement at age 65:	years	years
Current pensioners:		
Males	21.2	21.2
Females	23.6	23.5
Future pensioners:		
Males	22.6	22.6
Females	25.1	25.0

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2021 (CONTINUED)

21 PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

These assumptions are based on historical experience and other factors that are considered relevant, however actual results may differ from these estimates. If different assumptions were used, this could have a material effect on the reported obligation. The sensitivities of the results to these assumptions are as follows:

Change in key assumption sensitivities:	2021	2020
Increase/(decrease) in liabilities	£000	£000
Decrease discount rate by 0.5%	21,741	24,553
Increase discount rate by 0.5%	(19,189)	(21,552)
Price inflation rate decrease rate by 0.5%	(12,032)	(11,408)
Price inflation rate increase rate by 0.5%	11,612	12,634
Increase life expectancy by 1 year	7,659	9,492

The expected long-term rate of return and fair value of the scheme's assets, which are not intended to be realised in the short-term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus are inherently uncertain, are set out in the tables below.

Risk exposure

Asset volatility

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. If plan assets underperform against this yield, a deficit will be created. The scheme holds a significant proportion of government and corporate bonds in line with its investment strategy. Whilst longer term expected returns are expected to exceed corporate bond yields, their relative returns can be more volatile in the shorter term and may consequently lead to short term volatility in the funding position of the scheme.

Changes in bond yields

A decrease in corporate bond yields will increase plan liabilities, although this would be partially hedged by increases in the value of the scheme's bond holdings.

Life expectancy

The majority of the scheme's obligations are to provide benefits for the life of the member and therefore increases in life expectancy will result in an increase to the scheme's defined benefit obligation.

Inflation risk

The scheme's pension obligations are linked to inflation, therefore increased inflation will lead to increased liabilities, subject to caps on inflationary increases to pension entitlement, which are unlikely to be matched by increases in the value of the scheme's assets.

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2021 (CONTINUED)

21 PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

At the balance sheet date the scheme assets were analysed as follows:

Market values of assets at 31 December	2021	2020
	£'000	£'000
Equities	47,176	43,090
Government bonds	168,555	182,907
Corporate bonds	20,626	22,038
Cash and net current assets	1,763	939
Total market value of scheme assets	238,120	248,974
Present value of scheme liabilities	(218,036)	(239,080)
Net pension asset	20,084	9,894

Movements in the present value of defined benefit obligations were as follows:

	2021	2020
	£'000	£'000
Balance at 1 January	239,080	214,936
Current service pension costs	-	1,045
Past service pension costs	-	270
Interest Cost	3,241	4,320
Experience (gains)/losses:		
Changes in demographic assumptions	(464)	(460)
Changes in financial assumptions	(5,814)	27,834
Experience gains on liabilities	(2,849)	(743)
Employee contributions	-	287
Benefits paid	(15,158)	(8,409)
Balance at 31 December	218,036	239,080

Movements in the fair value of scheme assets were as follows:

	2021	2020
	£'000	£'000
Balance at 1 January	248,974	229,604
Interest income	3,383	4,636
Return on scheme assets excluding interest income	366	21,633
Scheme administration expenses	(357)	(664)
Employer contributions	912	1,887
Employee contributions	-	287
Benefits paid	(15,158)	(8,409)
Balance at 31 December	238,120	248,974

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2021 (CONTINUED)

21 PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

Analysis of the amounts recognised in profit or loss:

	2021	2020
	£'000	£'000
Current service pension costs	-	1,045
Past service pension costs	-	270
Net interest on pension scheme	(142)	(316)
Scheme administration costs	357	664
Net losses for the year in profit and loss account	215	1,663

Analysis of the amounts recognised as other comprehensive income:

	2021	2020
	£'000	£'000
Return on scheme assets excluding interest income	366	21,633
Gains on liabilities due to changes in demographic assumptions	464	460
Gains/(losses) due to changes in financial assumptions	5,814	(27,834)
Experience gains on liabilities	2,849	743
Net gains / (losses) for the year in other comprehensive income	9,493	(4,998)

22 DERIVATIVE FINANCIAL INSTRUMENTS

Cash flow hedges

The company enters into forward foreign exchange contracts to manage its exposure to foreign exchange rate risk which arises on the purchase of trucks and equipment, predominantly from Germany, which are payable in Euros. Forward foreign exchange contracts are measured at fair value as assets or liabilities.

It is the policy of the company to enter into forward foreign exchange contracts to cover 75% of the exposure resulting from specific planned foreign currency payments.

Basis adjustments are made to the carrying amounts of non-financial hedged items when the anticipated sale or purchase transaction takes place.

Forward exchange contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

Losses of £4,098k (2020: gains of £2,206k) were recognised in other comprehensive income and losses of £3,103k (2020: losses of £105k) were transferred to the profit and loss account in the year. There was no material ineffectiveness of hedging measures during the year.

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2021 (CONTINUED)

22 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Categories of financial instruments at fair value

	Fair value 2021 £'000	Fair value 2020 £'000
Financial (liabilities)/assets at fair value:		
Financial assets held for trading	-	133
Financial assets with a hedging relationship	-	133
Financial liabilities held for trading	(817)	(93)
Financial liabilities with a hedging relationship	(1,011)	(149)
	(1,828)	24

The above financial assets and liabilities comprise forward exchange contracts, which were outstanding at the balance sheet date, as follows:

	Nominal value €'000	Nominal value £'000	Average contract rate
2021			
Purchase Euro currency	110,645	95,435	1.15937
2020			
Purchase Euro currency	83,980	76,040	1.10442

All of the forward exchange contracts outstanding at the balance sheet date are expected to affect profit and loss in the following financial year. Of the €110,645k (2020: €83,980) nominal value outstanding at year end, €95,995k (2020: €73,051k) will mature in the following financial year and €14,650k (2020: 10,929k) matures within 2 years.

Changes in value of financial instruments at fair value

Profit for the year has been arrived at after (charging) / crediting the following:

	2021 £'000	2020 £'000
Financial instruments at fair value:		
(Decrease) / increase in fair value arising on derivatives held for trading	(857)	793

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2021 (CONTINUED)

23 CALLED UP SHARE CAPITAL

	2021 £'000	2020 £'000
Allotted, called up and fully paid		
34,000,000 (2020: 34,000,000) ordinary shares of £1 each	34,000	34,000
	<u>34,000</u>	<u>34,000</u>

All shares rank pari passu in all respects.

24 OTHER COMMITMENTS AND GUARANTEES

The company continues to provide a guarantee against the liabilities of Jungheinrich Lift Truck Finance Limited, a fellow subsidiary undertaking of Jungheinrich UK Holdings Limited.

25 ULTIMATE PARENT COMPANY AND ULTIMATE CONTROLLING PARTY

The largest and smallest group of which Jungheinrich UK Limited is a member for which group financial statements are drawn up is that headed by Jungheinrich AG, which is controlled by the Jungheinrich family and is a company incorporated in Germany. The consolidated financial statements of this group are available to the public and may be obtained from Friedrich-Ebert-Damm 129 22047 Hamburg, Germany.

The company's immediate parent company is Jungheinrich UK Holdings Limited, a company registered in England, United Kingdom.

In preparing these financial statements, the company has taken advantage of the provisions of FRS 101 and has not disclosed transactions with the ultimate parent company, Jungheinrich AG or other group undertakings. However, most purchases of stocks and fixed asset trucks are made from group companies.