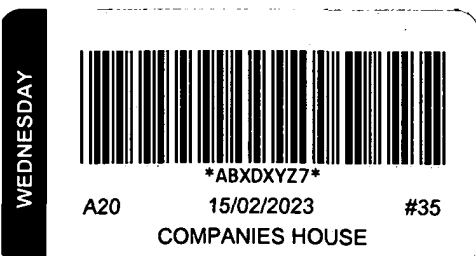


COMPANY REGISTRATION NUMBER: 01008089

Digital Applications International Limited
Financial Statements
Year ended 31 December 2021



Digital Applications International Limited

Financial Statements

Year ended 31 December 2021

Contents	Page
Officers and professional advisers	1
Summary statement	2
Strategic report	3
Directors' report	4
Independent auditor's report	6
Consolidated income statement	10
Consolidated statement of comprehensive income	11
<i>Consolidated statement of financial position</i>	12
Company statement of financial position	13
Consolidated statement of changes in equity	14
Company statement of changes in equity	15
Notes to the financial statements	16

Digital Applications International Limited

Officers and Professional Advisers

The board of directors

S Jodeau
R Craig
N Everatt
D Woodall

Company secretary

D Woodall

Registered office

Milan Court
Bird Hall Lane
Stockport
SK3 0WZ

Auditor

RSM UK Audit LLP
Chartered Accountants
3rd Floor
One London Square
Cross Lanes
Guildford
Surrey
GU1 1UN

Digital Applications International Limited

Summary Statement

Year ended 31 December 2021

The turnover for the year to 31st December 2021 is £43.9M, a year-on-year increase of over 19%, and the Group reported an Operating Profit before Exceptional Item of £8.6M compared to £6.9M for 2020.

All key staff remained the same for 2021 with a subsequent change of directors occurring in September 2022 as noted in the Directors' Report to follow.

At the date of approval of this report, the Directors of DAI are:

- Sebastien Jodeau
- Rachel Craig
- Nicholas Everatt
- Daniel Woodall (also is the Company Secretary)

Operationally, the group's management team continued under the leadership of Nigel Mitson in 2021 with responsibility passing to Sebastien Jodeau when he joined the company in 2022.

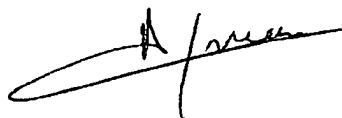
Digital Applications GmbH has continued to provide support for software installations in Switzerland, as well as projects contracted through the entity in UK.

DAI Software Technology (Shanghai) Co. Ltd, continued trading with only minimal activity during the financial year. In 2021, all customer contracts expired with renewals and new projects now being contracted through the entity in the UK. The process to close this entity has begun.

The Dutch company, Digital Applications International BV, has once again remained dormant during the financial year. The process to close this entity has begun.

Strong market demand in logistic automation has continue to support the growth of the Group in 2021, accelerated by the Covid 19 crisis that boosted the need for E-commerce services. Outlook for the next 5 years is based on continued but sustainable growth in the markets that the Group is operating in.

Sebastien Jodeau
Director



Digital Applications International Limited

Strategic Report

Year ended 31 December 2021

The development and performance of the Group's business during the Financial Year

The year has again been the best ever with a 19% year-on-year increase in turnover to £43.9M. The Group reported an Operating Profit before Exceptional Item of £8.6M compared to £6.9M for 2020.

The Position of the Group at Year End

The total Group net assets stand at £10.3M and there is no bank debt. Cash at the bank at the year-end stood at £12.4M with another £18.2M held with KION Group. This enables the Group to finance expansion without any dependencies.

The principal risks and uncertainties facing the Group

While the Group operates in a strong market with sustained growth outlook over the next decade, its performance relies on the ability to execute projects successfully and support its customers in the long term. The main risk faced by the Group is the ability to scale up rapidly to meet market demand in a sustainable way. Being now part of a World leading group in our market provides the group additional scale and flexibility. Besides, over a third of the group revenue is based of recurring services based on long term support contracts that provide certainty year on year.

Price Risk

The Group is exposed to general price risk in quoting fixed price contracts. However, with its experience of implementing such work and the significant cash reserves, this risk is seen as low.

Liquidity Risk

The Group has ample funds available to avoid the risk.

Credit Risk

Customers repeatedly press for extension of payment terms and in an increasing number of cases, pay later than contracted.

Exchange Rate Risk

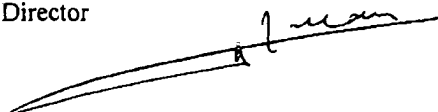
Whenever feasible, the work is quoted in £s sterling or in Swiss Francs in the Swiss operation. On the occasions when the work is invoiced in foreign currencies, this is carefully considered, and the effect is mitigated by the cash reserves.

Key Performance Indicators

The Group's performance is strong in all sectors as discussed above. The Group primarily uses order intake, turnover, and earnings before interest and taxes as key performance indicators.

This report was approved by the board of directors on 10th February 2023 and signed on behalf of the board by:

Sebastien Jodeau
Director



Digital Applications International Limited

Directors' Report

Year ended 31 December 2021

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

Principal activities

The principal activity of the Group and Company during the year was delivery, integration, and support services for software systems in industrial and supply chain applications.

Directors

The directors who served the Company during the year and up until the signing of the financial statement were as follows:

S Jodeau	(appointed 20 September 2022)
R Craig	(appointed 20 September 2022)
N Everatt	(appointed 20 September 2022)
D Woodall	(appointed 20 September 2022)
A Gill	(resigned 20 September 2022)
N Mitson	(resigned 20 September 2022)
J Moss	(resigned 20 September 2022)
R Sasser	(resigned 20 September 2022)
R A Sternberg Osborne	(resigned 20 September 2022)

Dividends

On 3 September 2021 a cash dividend of £405,000 was made to the sole shareholder related to the 2020 financial year.

Future developments

The Group is continuing to grow in a controlled manner, focusing on its existing markets and strengths, particularly in the supply chain sector, which currently is enjoying a growth cycle. Expansion of project work in North America and SE Asia is expected to feature strongly in the coming years. In terms of software products, new versions of existing applications have been produced, intended to improve future competitiveness, but also enabling a significant retrofit market to the Group's existing installed base. New products will be brought to the market in the coming years to bolster the 'ecosystem' around our existing product set. These provide tooling for release management and automated testing, plus enhanced analytical capabilities.

Employee involvement

The Group provides regular updates on company performance and key initiatives through a variety of channels including "town hall" meetings and e-mail communications. These updates are provided not only at the Company level but since the acquisition by Dematic in March 2020 also include information on the larger Dematic group of companies.

Disabled employees

The Group believes the skills, capabilities and talents of its employees are the key to its success. The Group benefits enormously from the diversity and variety of the workforce and is fully committed to maintaining and encouraging this diversity. The richer the mix of people, skills and cultures in the Group, the greater the range of inputs, viewpoints, and experiences.

Because of this, the Group is fully committed to being an equal opportunities employer, defined by its diversity and opposition to all forms of unlawful and unfair discrimination.

Digital Applications International Limited

Directors' Report *(continued)*

Year ended 31 December 2021

Equality of opportunity refers to the fair treatment of individuals at work and employment decisions being made of relevant, objective criteria. The Group will not discriminate on the grounds of gender, race, disability, sexuality, sexual orientation, religion, belief, trade union membership or age.

Financial instruments

The areas of price, liquidity, credit, and exchange rate risk are dealt with in the Strategic Report.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and Company financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the 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 Group and the Company and the profit or loss of the Group and the Company for that year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

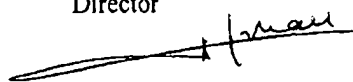
Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

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

This report was approved by the board of directors on 14th February 2023 and signed on behalf of the board by:

Sebastien Jodeau
Director



Digital Applications International Limited

Independent Auditor's Report to the Members of Digital Applications International Limited for the year ended 31 December 2021

Opinion

We have audited the financial statements of Digital Application International Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the Consolidated Income Statements, Consolidated Statement of Other Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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.

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 group's or the parent 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.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Digital Applications International Limited

Independent Auditor's Report to the Members of Digital Applications International Limited for the Year ended 31 December 2021 (continued)

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Digital Applications International Limited

Independent Auditor's Report to the Members of Digital Applications International Limited for the Year ended 31 December 2021 *(continued)*

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operate in and how the group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from external tax advisors.

The group audit engagement team identified the risk of management override of controls and revenue cut-off as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, and reviewing management stage of completion calculations on a sample of contracts at the balance sheet date.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

Digital Applications International Limited

Independent Auditor's Report to the Members of Digital Applications International Limited for the Year ended 31 December 2021 *(continued)*

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

Christopher Hurren FCA (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

Third Floor, One London Square

Cross Lanes

Guildford

Surrey

GU11UN

14 February
.....2023

Digital Applications International Limited

Consolidated Income Statement

Year ended 31 December 2021

		31 Dec 2021	31 Dec 2020
	Note	£	£
Turnover	4	43,869,040	36,840,279
Cost of sales		(4,498,588)	(3,270,325)
Gross profit		<u>39,370,452</u>	<u>33,569,954</u>
Administrative expenses		(30,788,350)	(26,626,040)
Operating profit before exceptional item	5	8,582,102	6,943,914
Exceptional item	7	-	(19,978,980)
Operating profit / (loss)		<u>8,582,102</u>	<u>(13,035,066)</u>
Other interest receivable and similar income	9	1,141	4,822
Profit / (loss) before taxation		<u>8,583,243</u>	<u>(13,030,244)</u>
Tax on profit or loss	10	(1,421,159)	2,978,409
Profit / (loss) for the year		<u>7,162,084</u>	<u>(10,051,835)</u>

Digital Applications International Limited
Consolidated Statement of Other Comprehensive Income
Year ended 31 December 2021

	31 Dec 2021 £	31 Dec 2020 £
Profit / (loss) for the year	7,162,084	(10,051,835)
Revaluation of freehold property	-	191,197
Foreign currency retranslation	65,681	54,559
Other comprehensive income for the year	65,681	245,756
Total comprehensive income for the year	<u>7,227,765</u>	<u>(9,806,079)</u>

Digital Applications International Limited

Consolidated Statement of Financial Position

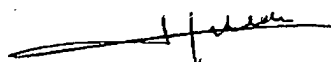
As at 31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	11	719,411	709,081
Current assets			
Debtors	13	33,995,433	31,858,069
Cash at bank and in hand		12,374,966	4,668,891
		46,370,399	36,526,960
Creditors: amounts falling due within one year	14	(28,404,772)	(23,581,779)
Net current assets		17,965,627	12,945,181
Total assets less current liabilities		18,685,038	13,654,262
Creditors: amounts falling due beyond one year	14	(8,399,226)	(10,191,215)
Net assets		10,285,812	3,463,047
Capital and reserves			
Called up share capital	17	10,141,338	10,141,338
Share premium	17	715,954	715,954
Profit and loss account	18	(571,480)	(7,394,245)
Total Equity		10,285,812	3,463,047

These financial statements were approved by the board of directors and authorised for issue on 12 February 2023, and are signed on behalf of the board by:

Sebastien Jodeau
Director

Company registration number: 01008089



Digital Applications International Limited

Company Statement of Financial Position

As at 31 December 2021

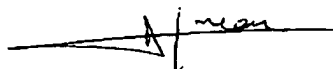
	Note	2021 £	2020 £
Fixed assets			
Tangible assets	11	710,100	702,289
Investments	12	236,024	236,024
		<u>946,124</u>	<u>938,313</u>
Current assets			
Debtors	13	33,402,668	31,678,425
Cash at bank and in hand		11,983,399	4,122,008
		<u>45,386,067</u>	<u>35,800,433</u>
Creditors: amounts falling due within one year	14	(28,927,149)	(23,924,826)
Net current assets		<u>16,458,918</u>	<u>11,875,607</u>
Total assets less current liabilities		<u>17,405,042</u>	<u>12,813,920</u>
Creditors: amounts falling due beyond one year	14	(8,399,226)	(10,191,215)
Net assets		<u>9,005,816</u>	<u>2,622,705</u>
Capital and reserves			
Called up share capital	17	10,141,338	10,141,338
Share premium	17	715,954	715,954
Profit and loss account	18	(1,851,476)	(8,234,587)
Total Equity		<u>9,005,816</u>	<u>2,622,705</u>

The profit for the financial year of the parent company was £6,788,111 (2020: loss of £10,062,255).

These financial statements were approved by the board of directors and authorised for issue on ~~10th February~~... 2023, and are signed on behalf of the board by:

Sebastien Jodeau
Director

Company registration number: 01008089



Digital Applications International Limited

Consolidated Statement of Changes in Equity

Year ended 31 December 2021

	Called up share capital £	Share premium £	Revaluation reserve £	Profit and loss account £	Total £
At 01 January 2020	700,000	-	3,272,579	19,189,255	23,161,834
Profit for the year	-	-	-	(10,051,835)	(10,051,835)
Other comprehensive income for the year	-	-	191,197	54,559	245,756
Total comprehensive income for the year	-	-	191,197	(9,997,276)	(9,806,079)
Transfer			(3,463,776)	3,463,776	-
Contributions	9,441,338	715,954	-	-	10,157,292
Dividend paid	-	-	-	(20,050,000)	(20,050,000)
At 31 December 2020	10,141,338	715,954	-	(7,394,245)	3,463,047
Profit for the year	-	-	-	7,162,084	7,162,084
Other comprehensive income for the year	-	-	-	65,681	65,681
Total comprehensive income for the year	-	-	-	7,227,765	7,227,765
Dividend paid	-	-	-	(405,000)	(405,000)
At 31 December 2021	<u>10,141,338</u>	<u>715,954</u>	<u>-</u>	<u>(571,480)</u>	<u>10,285,812</u>

Digital Applications International Limited

Company Statement of Changes in Equity

Year ended 31 December 2021

	Called up share capital £	Share premium £	Revaluation reserve £	Profit and loss account £	Total £
At 01 January 2020	700,000	-	3,272,579	18,413,892	22,386,471
Profit for the year	-	-	-	(10,062,255)	(10,062,255)
Other comprehensive income for the year	-	-	191,197	-	191,197
Total comprehensive income for the year	-	-	191,197	(10,062,255)	(9,871,058)
Transfer			(3,463,776)	3,463,776	-
Contributions	9,441,338	715,954	-	-	10,157,292
Dividend paid	-	-	-	(20,050,000)	(20,050,000)
At 31 December 2020	10,141,338	715,954	-	(8,234,587)	2,622,705
Profit for the year	-	-	-	6,788,111	6,788,111
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	6,788,111	6,788,111
Dividend paid	-	-	-	(405,000)	(405,000)
At 31 December 2021	<u>10,141,338</u>	<u>715,954</u>	<u>-</u>	<u>(1,851,476)</u>	<u>9,005,816</u>

Digital Applications International Limited

Notes to the Financial Statements

Year ended 31 December 2021

1. General information

The Company is a private company limited by shares, registered, domiciled and incorporated in England and Wales. The address of the registered office and principal place of business is Milan Court, Bird Hall Lane, Stockport, SK3 0WZ.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

The accounts have been prepared on a going concern basis. The group generated an operating profit before exceptional items of £8.6m and had a cash buffer including amounts due from group undertakings of £31.0m at the year end. Strong market demand in logistic automation has continue to support the growth of the Group in 2021, accelerated by the Covid 19 crisis that boosted the need for E-commerce services. Outlook for the next 5 years is based on continued but sustainable growth in the markets that the Group is operating in. Being now part of a World leading group in our market provides the group additional scale and flexibility.

Disclosure exemptions

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the Group or Company.
- (c) Key management personnel has not been disclosed.

Consolidation

The financial statements consolidate the financial statements of Digital Applications International Limited and all of its subsidiary undertakings.

The results of subsidiaries acquired or disposed of during the year are included from or to the date that control passes.

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not presented its individual profit and loss account. The parent company's individual statement of financial position shows the Company's profit or loss for the financial year.

Digital Applications International Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

3. Accounting policies *(continued)*

Judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Freehold land and buildings

Estimates are made in respect of determining the carrying value of the freehold land and buildings which are stated at fair value. The properties were formally, independently valued in May 2019 by Chartered Surveyors on an open market basis (see note 11).

Long term contracts

Estimates are made in respect of establishing the stage of completion of long term contracts. In determining the stage of completion the directors estimate costs to complete, and compare costs incurred as a proportion of total expected costs. The methods of estimation used are discussed in the revenue recognition accounting policy below.

Deferred taxation

Deferred tax assets and liabilities are assessed on the basis of assumptions regarding the future, the likelihood that assets will be realised and liabilities will be settled, and estimates as to the timing of those future events and as to the future tax rates that will be applicable.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied and services rendered, stated net of Value Added Tax.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Digital Applications International Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

3. Accounting policies *(continued)*

Taxation *(continued)*

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Other Operating Income

Other operating income comprises of rental income on assets leased under operating leases. This income is recognised on a straight-line basis over the lease term and is presented within other income. There was no other operating income during the year.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold property	-	2% on cost or valuation
Fixtures and fittings	-	25% on Reducing balance
Motor vehicles	-	25% on Reducing balance
Equipment	-	20% on Straight line

Digital Applications International Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

3. Accounting policies *(continued)*

Impairments of fixed assets

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Company estimates the recoverable amount of the asset.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairment losses are recognised in the statement of comprehensive income.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in the statement of comprehensive income. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

Investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Interests in subsidiaries are assessed for impairment at each reporting date. Any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

Financial instruments

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument, and are offset only when the Group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Trade debtors

Trade debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Financial liabilities and equity

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Equity instruments

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

Digital Applications International Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

3. Accounting policies *(continued)*

Financial instruments (continued)

Creditors

Creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled. Where the arrangement with a creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or reward plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be measured reliably.

4. Turnover

Turnover arises from:

	2021	2020
	£	£
Rendering of services	<u>43,869,040</u>	<u>36,840,279</u>

Digital Applications International Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

4. Turnover (Continued)

The turnover is attributable to the one principal activity of the group. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2021	2020
	£	£
United Kingdom	29,926,295	27,469,319
Europe	2,157,068	2,450,667
North America	7,867,073	4,430,425
Africa	50,125	24,805
Australia	947,881	285,548
Asia	2,920,598	2,179,515
	<u>43,869,040</u>	<u>36,840,279</u>

5. Operating profit

Operating profit or loss is stated after charging/(crediting):

	2021	2020
	£	£
Operating lease rental – land, buildings, equipment	774,610	722,673
Depreciation of tangible assets	226,220	229,276
Loss on disposal of tangible assets	29,233	137,848
Foreign exchange differences	<u>14,201</u>	<u>(56,923)</u>

6. Auditor's remuneration

	2021	2020
	£	£
Fees payable for the audit of the financial statements	<u>49,000</u>	<u>30,000</u>

7. Staff costs

The average number of persons employed by the group during the year, including the directors, amounted to:

	2021	2020
	No	No
Management staff	7	8
Technical staff	<u>382</u>	<u>277</u>
	<u>389</u>	<u>285</u>

Digital Applications International Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

7. Staff costs (Continued)

The aggregate payroll costs incurred during the year, relating to the above, were:

	2021 £	2020 £
Wages and salaries	21,066,068	37,104,477
Social security costs	2,707,433	4,758,376
Other pension costs	1,270,868	1,095,727
	<u>25,044,369</u>	<u>42,958,580</u>

Concurrent with the acquisition of the Company by Dematic Holdings UK Limited, the Company entered into a Stakeholder Reward Scheme ("SRS") with its employees which provides periodic payments over a period of three-and-a-half years. The first payments were made in March 2020 with the final instalment due in September 2023. Due to the nature of the SRS, certain payments are fixed in nature and were therefore expensed in 2020 immediately upon the acquisition of the Company. An exceptional item of £19,978,980 in 2020 represents the payments due regardless of future service to the Company and the related social security costs.

8. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2021 £	2020 £
Emoluments	-	42,667
Salaries and bonuses	397,697	309,211
Other remuneration	1,033,623	6,514,477
	<u>1,431,320</u>	<u>6,866,355</u>

Remuneration of the highest paid director in respect of qualifying services:

	2021 £	2020 £
Aggregate remuneration	<u>1,431,320</u>	<u>6,823,688</u>

No pension contributions have been made during the year on behalf of the directors.

9. Other interest receivable and similar income

	2021 £	2020 £
Interest on bank deposits	<u>1,141</u>	<u>4,822</u>

Digital Applications International Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

10. Tax on profit

Major components of tax expense

	2021 £	2020 £
Current tax:		
UK current tax expense	923,731	-
Adjustments in respect of prior years	-	(3,960)
Total UK current tax	923,731	(3,960)
Foreign current tax expense	58,135	18,641
Total current tax	981,866	14,681
Deferred tax:		
Origination and reversal of timing differences	633,035	(2,998,229)
Adjustments in respect of prior years	120,002	-
Effect of changes in tax rates	(313,744)	5,139
Total deferred tax	439,293	(2,993,090)
Tax on profit	1,421,159	(2,978,409)

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year in the UK is 19% (2020: 19%).

	2021 £	2020 £
(Loss) / profit on ordinary activities before taxation	8,583,243	(13,030,244)
Profit on ordinary activities by rate of tax	1,630,817	(2,475,746)
Adjustment to tax charge in respect of prior years	120,002	(3,960)
Effect of expenses not deductible for tax purposes	8,050	4,366
Effect of capital allowances and depreciation	-	-
Effects of share options	-	(523,463)
Effects of profit of subsidiary companies	(23,966)	15,255
Effects of changes in tax rates	(313,744)	5,139
Tax on profit	1,421,159	(2,978,409)

Factors that may affect future tax expense

In the Spring Budget 2021, the government announced that from 1 April 2023 the headline corporation tax rate will increase to 25%. As the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

Digital Applications International Limited

Notes to the Financial Statements *(continued)*
Year ended 31 December 2021

11. Tangible assets

Group	Fixtures and fittings £	Equipment £	Total £
Cost			
At 1 January 2021	546,741	850,068	1,396,809
Additions	51,726	238,532	290,258
Disposals	(30,342)	(148,622)	(178,964)
At 31 December 2021	568,125	939,978	1,508,103
Depreciation			
At 1 January 2021	261,566	426,162	687,728
Charge for the year	69,075	157,145	226,220
Disposals	(18,132)	(107,124)	(125,256)
At 31 December 2021	312,509	476,183	788,692
Carrying amount			
At 31 December 2021	255,616	463,795	719,411
At 31 December 2020	285,175	423,906	709,081

Company	Fixtures and fittings £	Equipment £	Total £
Cost			
At 1 January 2021	518,345	738,904	1,257,249
Additions	46,261	216,425	262,686
Disposals	(30,342)	(148,622)	(178,964)
At 31 December 2021	534,264	806,707	1,340,971
Depreciation			
At 1 January 2021	236,263	318,697	554,960
Charge for the year	68,852	156,790	225,642
Disposals	(22,674)	(127,057)	(149,731)
At 31 December 2021	282,441	348,430	630,871
Carrying amount			
At 31 December 2021	251,823	458,277	710,100
At 31 December 2020	282,082	420,207	702,289

Digital Applications International Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

12. Investments

The Group has no investments.

Company	Shares in group undertakings £
Cost	
At 31 December 2020	236,024
Additions	-
At 31 December 2021	<u>236,024</u>
Impairment	
At 31 December 2020 and 31 December 2021	<u>-</u>
Carrying amount	
At 31 December 2021	<u>236,024</u>
At 31 December 2020	<u>236,024</u>

Subsidiaries, associates and other investments

Details of the investments in which the parent company has an interest of 20% or more are as follows:

	Country	Class of share	Percentage of shares held
Subsidiary undertakings			
Digital Applications GmbH	Switzerland	Ordinary	100
Digital Applications International BV	Holland	Ordinary	100
DAI Software Technology (Shanghai) Co., Ltd.	Shanghai	Ordinary	100

Registered offices of the companies are as follows:

Digital Applications GmbH - Clarastrasse 15, Postfach 154, 4005 Basel, Switzerland
Digital Applications International BV - Brediusweg 57, 1401 AD, Bussum, Netherlands
DAI Software Technology (Shanghai) Co., Ltd. - Unit 2316, Level 23, 5 Corporate Avenue, 150
Hubin Road, Huangpu District, Shanghai, China

Digital Applications International Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

13. Debtors

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Trade debtors	9,810,532	7,197,482	9,279,323	7,076,511
Amounts due from group undertakings	18,201,156	18,606,156	18,201,156	18,606,156
Deferred tax assets	2,510,117	2,949,410	2,510,117	2,949,410
Other debtors	3,114,810	2,742,933	3,116,861	2,701,370
Prepayments and accrued income	358,818	362,088	295,211	344,978
	<u>33,995,433</u>	<u>31,858,069</u>	<u>33,402,668</u>	<u>31,678,425</u>

Amounts due from group undertakings are due from a parent company, KION Group AG.

14. Creditors

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Trade creditors	483,990	341,950	483,990	341,584
Amounts Received on Account	6,851,186	3,557,993	6,851,186	3,557,993
Amounts owed to group undertakings	-	-	803,827	564,478
Due to Parent	10,606,156	10,606,156	10,606,156	10,606,156
Corporation tax	981,607	-	923,731	-
Social security and other taxes	1,488,113	1,875,494	1,406,869	1,871,532
Accruals and deferred income	7,993,720	7,200,186	7,851,390	6,983,083
	<u>28,404,772</u>	<u>23,581,779</u>	<u>28,927,149</u>	<u>23,924,826</u>

Amounts due to creditors falling due beyond one year of £8,399,226 (2020: £10,191,215) represent amounts payable for the SRS and related taxes accrued thereon in both the company and the group.

Digital Applications International Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

15. Deferred tax

The deferred tax assets (liabilities) included in the statement of financial position is as follows:

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Included in debtors (note 13)	<u>2,510,117</u>	<u>2,949,410</u>	<u>2,510,117</u>	<u>2,949,410</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Accelerated capital allowances	(462)	20,199	(462)	20,199
Short-term timing differences	2,275,449	1,695,449	2,275,449	1,695,449
Pension contributions	43,663	38,000	43,663	38,000
Trade losses	<u>191,467</u>	<u>1,195,762</u>	<u>191,467</u>	<u>1,195,762</u>
	<u>2,510,117</u>	<u>2,949,410</u>	<u>2,510,117</u>	<u>2,949,410</u>

16. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £1,270,868 (2020: £1,095,727). There were £229,803 (2020: £200,000) unpaid pension contributions included within accruals at the year end.

17. Called up share capital

Issued, called up and fully paid

	2021		2020	
	No	£	No	£
Ordinary Class "A" shares of £1 each	9,941,338	9,941,338	9,941,338	9,941,338
Ordinary Class "B" shares of £1 each	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
	<u>10,141,338</u>	<u>10,141,338</u>	<u>10,141,338</u>	<u>10,141,338</u>

The Company's A ordinary shares carry the right to one vote at the general meetings of the company and carry no right of fixed income. The Company's B ordinary shares carry no voting rights or rights of fixed income.

The Company did not issue any ordinary shares during the year. In 2020, the Company issued 9,441,338 ordinary shares with a nominal value of £1 each for consideration of £9,441,338 in order to provide funding of the SRS payments.

Share premium of £715,954 represents amounts received by the Company in 2020 for the exercise of options by employees under the Enterprise Management Incentives scheme.

Digital Applications International Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

18. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses and contains translation adjustments recognised in other comprehensive income.

19. Dividend

	2021 £	2020 £
Dividends paid in the year	<u>405,000</u>	<u>20,050,000</u>

On 3 September 2021 a cash dividend of £405,000 was made on Ordinary Class "A" and Class "B" shares related to the 2020 financial year.

20. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2021	2020	2021	2020
Later than 1 year and not later than 2 years	710,000	721,589	710,000	710,000
Between two and five years	2,130,000	2,130,000	2,130,000	2,130,000
Later than five years	<u>5,680,000</u>	<u>6,390,000</u>	<u>5,680,000</u>	<u>6,390,000</u>
	<u>8,520,000</u>	<u>9,241,589</u>	<u>8,520,000</u>	<u>9,230,000</u>

21. Related party transactions

Company

The Company has taken advantage of the exemptions provided by Section 33 of FRS 102 'Related Party Disclosures' and has not disclosed transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is party to the transaction is wholly owned by a member of that group.

In 2021, the Company paid a cash dividend as referenced in Note 19 above.

22. Controlling party

At the reporting date, the Group and Company's immediate parent is Dematic Holdings UK Limited, incorporated in England and Wales. The largest group in which the results of the Group and Company were consolidated is that headed by KION Group AG, which is the ultimate controlling party.