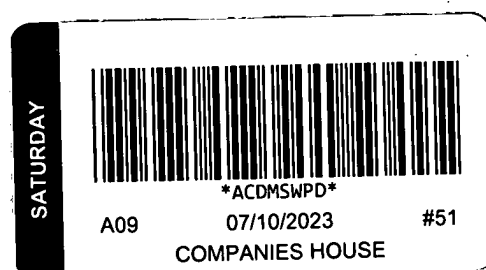


Registered number: 05856366

DEMATIC LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**



DEMATIC LIMITED

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DEMATIC LIMITED

COMPANY INFORMATION

Directors

C Cicchitelli

B Siddorn

Company secretary

B Siddorn

Registered number

05856366

Registered office

Banbury Business Park

Trinity Way

Adderbury

Banbury

Oxfordshire

OX17 3SN

Independent auditor

Deloitte LLP

Abbots House

Abbey Street

Reading

RG1 3BD

United Kingdom

Bankers

HSBC Bank PLC

6 Canada Square

London

E14 5HQ

DEMATIC LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

Introduction

The Directors present their Strategic Report and financial statements for the year ended 31 December 2022 and comparatives for the year ended 31 December 2021.

Dematic Limited ("the company") was formed in 2006 from the Distribution and Industry and Material Handling divisions of Dematic Limited (now Oldbury Banbury Limited). The company provides automated logistics solutions for customers in retail, manufacturing, direct distribution, food and beverage and other industrial and commercial sectors. Its automated solutions are supported by a comprehensive range of maintenance services and spares packages. In addition to its UK based operations, the company has branches in The Republic of Ireland, Lithuania, Denmark, Norway and Sweden. The company also owns subsidiaries in Mexico.

Business review

Against a backdrop of a competitive trading environment, the company's profit and loss account on page 17 shows that the company recognised £255.4 million (2021: £295.2 million) in turnover. The £39.8m decrease in turnover reflects the challenging global market conditions post COVID. The gross loss margin at 3.3% (2021: gross profit margin of 14.5%) reflects the reduced performance. The company's reduced performance reflects strong market competition and the challenges posed by increased shipping times and costs across the globe.

The company made an operating loss of £47.6m (2021: operating profit of £6.1m), a decrease of £53.7m from the prior year reflecting the challenging global supply chain conditions coupled with the associated increases in base costs for all commodities, materials and services. Operating margin fell from 2.1% to (18.6)% reflecting a reduced return on the company's investment resulting from difficult trading conditions including increased shipping and commodity costs.

The company's non-current assets decreased by £2.3m due to the depreciation of tangible and right-of-use assets and the amortisation of intangible assets. Current assets amounting to £113.9m (2021: £143.1m) and current liabilities amounting to £112.2m (2021: £118.0m) have decreased by 20% and 5% respectively.

The company's main objectives are to be our customer's premier choice for automated logistic solutions and to be a market leader in innovative technical solutions and responding to the changing needs of customers in various industries.

The company's products and services are sold mainly through two market orientated channels, namely the Business Solutions (BS) and the Customer Service (CS) divisions.

Business Solutions focus is to sell complex, integrated systems including various components and software in a business-to-business environment. In addition to the embedded product, a key aspect of this business is the capacity to successfully integrate components to a high-performance bespoke solution, managing the complexity of the implementation and interfaces inherent to the project execution process. Within the Business Solutions division there is a secondary focus of less complex designs with a lower technical risk, its main strength being the product itself, supplied in a standardised modular structure.

The Customer Service division supplies on call maintenance and support services, spare parts, resident site engineers and IT support, as well as complete modernisation and upgrade packages.

DEMATIC LIMITED

STRATEGIC REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

Business review (continued)

The Directors have a reasonable expectation based on robust business processes of strategic planning and financial forecasting that cash and other resources needed are available as detailed in the going concern section of the Directors' Report.

The business model and plans for growth remain appropriate to the environment in which the company operate, In particular investing in people, processes and systems to scale the organisation appropriately to prudently seize the available market opportunities.

Principal risks and uncertainties

The risk management process at the company is an integral part of the monthly reporting of the business. All of the significant risks are evaluated with a view to their impact upon earnings before interest, tax, depreciation and amortisation (EBITDA), cash, net income and accruals already held. Due to the nature of the business dealing with large customer capital projects, The company prepares detailed project status reports. Individual project risks are identified, quantified and given a probability of occurrence to ensure that contingency levels are adequately provided for at the project level. This process is reviewed, updated and reported monthly.

Dematic works with their long standing supplier partnerships that through ongoing category management and engaged team activities we work together to identify any cost risks and mitigation plans wherever possible to reduce the overall cost to Dematic and our end customer. Regular communication and engagement is key with the supplier base which are shared through open discussions to ensure market risks are identified and mitigation plans are reviewed with the help and support of relevant stakeholders.

In addition to the local review of risk in its project related activities, the Group sets out the limits of authorisation (LoA) across all group companies for projects and service contracts within certain criteria. The objective of this directive is to support the reduction of risk to the business. The LoA criteria are used to review the financial position of the project/contract and the commercial aspects e.g. the customer's financial strength, project cash flows, bank guarantees and bonds and contractual terms.

Dematic Limited conducts a substantial part of its business in foreign currencies. The foreign exchange risk is mitigated through forward rate currency deals or negotiating to receive revenue in foreign currencies to reflect the currencies of supplier costs Dematic Group has also introduced a policy governing foreign currency transactions which is aimed specifically at mitigating risk. Suppliers and vendors are reviewed against credit scoring and volume of business to reduce the risk to the company of failures in the supply chain. The company's liquidity risk management which is carried out by the global treasury function ensures that there is sufficient cash available for funding operations. Interest bearing assets only include cash, as such, interest rate risk is considered to be minimal.

Section 172(1) statement

In performing their duties under Section 172, the Directors have had regard to the matters set out in Section 172(1) as follows:

The Directors' approach

The board has a duty to promote the success of the company for the benefit of its shareholders.

In doing so, the Directors place great importance in the interest of the company's employees, its business relationship with customers and suppliers and the impact of its operations on communities and the environment when making decisions.

DEMATIC LIMITED

STRATEGIC REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

Section 172(1) statement (continued)

Maintaining our licence to operate

During the year, the company deployed an employee feedback initiative via an employee engagement survey. All employees are encouraged to provide their own feedback anonymously, on a range of topics including communication and collaboration, strategy and direction, leadership and recognition and feedback. The results of the survey have been published and direct actions implemented with the intention to address topics where employees have highlighted potential for improvement.

In addition to the survey, there is also an employee forum, headed and operated by employees as representatives from the various functions across the company. On a quarterly basis town halls are held to communicate company performance and updates.

The company takes very seriously its environmental, quality and health and safety commitments. The company can operate safely, with increasing focus on environmental issues, thereby ensuring that working practices are kept up to date to ensure compliance with the Health and Safety at Work Act and UK BS ISO Occupational Health and Safety, Environmental and Quality standards as appropriate.

In terms of its environmental impact, the company is part of a Group-wide sustainability programme which is consistently being implemented and reviewed. The KION Group aims to continuously improve its sustainability performance, and to this end, the programme includes fourteen fields of action which were derived from an initial materiality analysis. Underpinning each action field is a specific programme with aims, measures and, where appropriate, quantifiable performance measures. The resulting sustainability targets define a minimum standard that is binding for the entire KION Group. The development of the action fields is ongoing.

The company upholds the KION Group values, which come under the four main headings of Integrity, Courage, Collaboration and Excellence. These shared values and leadership principles are designed to drive the individual actions of employees and their collaboration with colleagues, customers and suppliers.

The company works very closely with its supply chain to ensure continuity of supply, with consideration of potential disruption due to post-Brexit legislative changes and other external and international factors. The company engages with suppliers at all levels of the business to ensure conformance with the company's compliance standards.

The Directors have always, both collectively and individually, taken decisions for the long term and consistently aim to uphold the highest standards of business conduct. In this regard, the UK Leadership team meet at least once a month to discuss and agree ways in which it can continue to uphold the highest values in its relationship with customers and suppliers, employees, the local community and the environment.

DEMATIC LIMITED
STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

Financial Key Performance Indicators (KPI's)

Execution of company business is measured against a series of key performance indicators, focusing upon the gross profit margin, turnover and profit before tax. The results of which can be found detailed above in the Business Review.

This report was approved by the board on 29 September 2023 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'CC' with a stylized flourish.

Carmen Cicchitelli
Director

DEMATIC LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their report and the audited financial statements for the year ended 31 December 2022.

Principal activity

Dematic Limited is a leading global supplier of materials handling solutions for the manufacturing and retailing distribution industries. The company is engaged in the design, manufacture, sales and servicing of automated warehouse and distribution systems.

Results and dividends

The loss for the year, after taxation, amounted to £45,652,000 (2021: profit of £6,122,000).

No dividends were paid during the year (2021: £Nil). No dividends are proposed for payment in 2023.

Directors

The Directors who served during the year and up to the date of signing this report, unless otherwise indicated, were:

A Busby	(resigned 11 August 2022)
R Sternberg Osborne	(resigned 9 September 2022)
C Cicchitelli	(appointed 10 August 2022)
B Siddorn	(appointed 10 August 2022)

Strategic Report

As permitted under Section 414C (11) of the Companies Act, the company has chosen to present information regarding engagement with suppliers, customers, and others within the Strategic Report.

Going concern

The Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. In stating this position, the Directors recognise that the company is dependent on KION Group for its financial support. In this regard the Directors are confident that the overall going concern position is fully supported, and that they have not identified any material uncertainties in relation to going concern. The company has in place financial support from KION Group AG for a period of at least 12 months from the date of signing. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in note 1 to the financial statements.

Financial risk management objectives and policies

The company's activities expose it to a number of financial risks and uncertainties. Further information is detailed in the Strategic Report.

DEMATIC LIMITED

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

Business Relationships

The Directors have had regard to the need to foster the company's business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the company during the financial year. As permitted under Section 414C (11) of the Companies Act, the company has chosen to present information within the Strategic Report, in particular within the Section 172(1) statement.

Future developments

The company is able to utilise the benefits of being part of a large global group of companies with a more diverse (but complementary) range of products as well as different points of access into key markets. It can offer its customers globally everything they need for their intralogistic solutions - from basic hand pallet trucks to the most complex of automated material handling solutions underpinned by what is probably the most geographically extensive sales and service network in the industry worldwide.

E-commerce is a game change in the company's industry. Online retailers are constantly competing to offer the shortest possible time to delivery for their customers. To achieve this, continued investment in distribution centres in key locations is critical. Thriving companies are those that have automation solutions with which they can meet the constantly changing needs of today's and, above all, tomorrow's customers. The company's continued focus will be to support and meet the needs of its customers, in this market.

Employee engagement

The company invests heavily in the provision of information and consultation with employees. A quarterly magazine called "In Touch" is published which focuses on all aspects of the company and the welfare of employees. Following the financial year end there is a presentation by senior management to the business as a whole where the results are announced, and employees are given the opportunity to ask questions in an open floor format.

The business holds regular All Hands meetings for all staff where it provides an overview of the company's performance, outlines the business strategy and objectives and most importantly allows the employees to have a voice to ask questions, share their views during the live session all done via Slido Questions. All questions are addressed during the session and anything that is not covered has responses sent after the session, along with a recording of the All Hands meeting. The Directors respond to questions the staff raise during the All Hands meeting. The company provides continuous feedback to the staff either during the open session at the All Hands meeting or as a follow-up to address any issues that were not addressed usually due to time constraints.

The site regularly hold "toolbox talks" with their staff where they give staff the chances to give 1:1 feedback and dialogues on a continuous basis. The company also utilises its Yammer channel to share information and to communicate with its staff in a less informal way. The company is introducing numerous initiatives to improve its employee engagement and to encourage open dialogue at all levels.

It is equally as important for colleagues to collectively come together and drive company-wide initiatives which they do through the support of employee lead groups such as the Employee forum and the Health and Well-being committee. These communities champion engagement initiatives such as social events, mental health awareness and change management across the business.

The business conducts an annual engagement survey, which is then broken up into local action plans for the business to address and provide feedback to the staff.

DEMATIC LIMITED
DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

Disabled employees

At the company, it is acknowledged that everyone is different. Therefore, the company is committed to creating a workforce that reflects the society it lives and works in. The company is also committed to creating an inclusive workplace culture that supports diversity and inclusion allowing all colleagues to bring their whole selves to work, without fear. The company's aim is to ensure a fair process during recruitment based on job specific competency.

In order to assist the company to monitor and evaluate the delivery of its vision it requests candidates to complete a Diversity Monitoring form. This monitoring form will not be seen by those involved in the recruitment process, only contact details will be passed on if a candidate is being invited to an interview. The other information provided will be used for statistical purposes only to ensure that the company's recruitment processes uphold its commitment to equality of opportunity.

The company aims to ensure that it will:

- Embed accessibility into all parts of its recruitment process;
- Modify its working arrangements to suit all staff;
- Provide coaching and mentoring for line manager's to effectively people manage colleagues and to harness all their differences;
- Pay all staff equally using its job levels; and
- Support and encourage training and development for all staff across the business.

Post balance sheet events

In the opinion of the directors there have been no significant events that require disclosure.

DEMATIC LIMITED

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

Energy Usage and Carbon Emissions

The company has reported on all sources of carbon emissions and energy usage required under the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in the table below.

GHG emissions and energy usage data for the year ended 31 December 2022		
	UK and offshore	
	2022	2021
Emissions from activities which the company owns or controls, including combustion of fuel and operation of facilities - tonnes of CO ₂ e (Scope 1)	635,074	337,896
Emissions from purchase of electricity, heat, steam and cooling purchased for own use - tonnes of CO ₂ e (Scope 2)	152,170	98,682
Total gross Scope 1 & Scope 2 emissions - tonnes of CO ₂ e	787,244	436,578
Electricity consumption used to calculate emissions - kwh	664,809	329,960

In order to calculate these disclosures the company uses the GHG Protocol Corporate Accounting and Reporting Standard, conversion factors for fuels from the UK Government's GHG Conversion Factors for Company Reporting 2022, for electricity (location-based) based on data published by the German Association of the Automotive Industry (VOA, as of 2019). In addition, reporting for Scope 2 emissions can be complemented by market-based values.

The key sources of emissions for the company are; diesel: 355.612 t CO₂e (5,001 GJ), gasoline: 279.461 t CO₂e (4,197 GJ) and electricity: 152.170 t CO₂e (2,393 GJ). The company used electricity from renewable sources: 1,197 GJ (market based).

Disclosure of the company's reduction target and the percentage of reduction achieved against a set baseline:

- KION's official target would be 30% reduction 2017-2027 for Scope 1, 2 and 3.3;
- climate strategy revision in progress, aligned with Science Based Targets initiative requirements; and
- achievement (market-based, preliminary) Dematic GB: -1%.

These figures are compiled as part of the KION Sustainability Report including greenhouse gas emissions reporting. At this time, the company has not set a target for reducing GHG emissions.

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

DEMATIC LIMITED
DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

Auditor

In accordance with section 485 of the Companies Act 2006, KPMG will be appointed as auditor for the proceeding annual statements.

This report was approved by the board on 29 September 2023 and signed on its behalf by.



Carmen Cicchitelli
Director

Banbury Business Park
Trinity Way
Adderbury
Banbury
Oxfordshire
OX17 3SN

DEMATIC LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

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

Company law requires the Directors to prepare 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) including FRS 101 'Reduced Disclosure Framework'.

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 company and of the profit or loss of the company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DEMATIC LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DEMATIC LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Dematic Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the statement of accounting policies; and
- the related notes 1 to 25.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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 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.

DEMATIC LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DEMATIC LIMITED (continued)

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.

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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 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.

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.

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 auditor's report.

DEMATIC LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DEMATIC LIMITED (continued)

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

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.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included Health & Safety regulations, Bribery Act 2010, Data Protection Act and Employment and Labour laws and regulations.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:

- Revenue recognition in relation to the company's project business contracts are accounted for on a percentage of completion. We assessed the accuracy of management's estimates of costs to complete against the company's work plans and performed inquiries with the relevant project managers to better understand and test the estimates. We assessed the accuracy of costs incurred throughout the year and at year-end.
- Accruals and Provisions related to the project business are misstated due to incomplete recognition of risks. We performed substantive audit procedures and obtained sufficient audit evidences to ensure that provisions/accruals related to the project business are complete.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

DEMATIC LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DEMATIC LIMITED (continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

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.

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

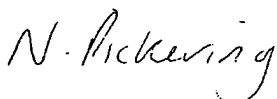
We have nothing to report in respect of these matters.

DEMATIC LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DEMATIC LIMITED (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.



Nicki Pickering, FCA (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

United Kingdom

Reading,

Date: 29 September 2023

DEMATIC LIMITED**PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £'000	2021 £'000
Turnover	2	255,426	295,245
Cost of sales		(263,967)	(252,458)
Gross (loss)/profit		(8,541)	42,787
Administrative expenses		(39,083)	(36,379)
Other operating expenses		–	(289)
Operating (loss)/profit		(47,624)	6,119
Foreign exchange gain		8,010	4,263
Foreign exchange loss		(10,394)	(4,485)
Interest receivable and similar income	7	694	52
Interest payable and similar charges	8	(167)	(192)
(Loss)/profit before taxation		(49,481)	5,757
Taxation on (loss)/profit	9	3,829	365
(Loss)/profit for the financial year		(45,652)	6,122
Other comprehensive income:			
Change in cash flow hedge - may be reclassified to the P&L		(307)	597
Deferred tax		71	(158)
Total other comprehensive (expense)/income		(236)	439
Total comprehensive (expense)/income for the year		(45,888)	6,561

Turnover and operating (loss)/profit are all derived from continuing operations.

The notes on pages 20 to 42 form part of these financial statements.

DEMATIC LIMITED
BALANCE SHEET
AS AT 31 DECEMBER 2022

REGISTERED NUMBER: 05856366

	Note	2022 £'000	2021 £'000
Fixed assets			
Deferred tax	9	897	1,792
Intangible assets	10	941	1,100
Tangible fixed assets	11	1,812	2,241
Right-of-use assets	12	3,262	4,074
Investments	13	290	290
		7,202	9,497
Current assets			
Stocks	14	1,417	1,431
Debtors: amounts falling due within one year	15	101,929	136,383
Cash at bank and in hand	16	10,569	5,258
		113,915	143,072
Current liabilities			
Creditors: amounts falling due within one year	17	(112,162)	(118,044)
Net current assets		1,753	25,028
Total assets less current liabilities		8,955	34,525
Creditors: amounts falling due after more than one year	18	(25,183)	(4,865)
Net (liabilities)/assets		(16,228)	29,660
Capital and reserves			
Called up share capital	20	6,111	6,111
Profit and loss account		(22,353)	23,299
Hedge reserve		14	251
Total shareholders' (deficit)/equity		(16,228)	29,661

The notes on pages 20 to 42 form part of these financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 September 2023 by:



Carmen Cicchitelli
Director

DEMATIC LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital £'000	Profit and loss account £'000	Hedge reserve £'000	Total equity/ (deficit) £'000
At 1 January 2021	6,111	17,177	(189)	23,099
Comprehensive income for the year				
Profit for the financial year	–	6,122	–	6,122
Other comprehensive income	–	–	439	439
Total comprehensive income for the year	–	6,122	439	6,561
At 31 December 2021	6,111	23,299	250	29,660
Comprehensive expense for the year				
Loss for the financial year	–	(45,652)	–	(45,652)
Other comprehensive expense	–	–	(236)	(236)
Total comprehensive expense for the year	–	(45,652)	(236)	(45,888)
At 31 December 2022	6,111	(22,353)	14	(16,228)

The notes on pages 20 to 42 form part of these financial statements.

DEMATIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

1.1. General information

Dematic Limited ("the company") is a private company, limited by shares, incorporated and domiciled in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The company is engaged in the design, manufacture, sale and servicing of automated warehouse and distribution systems.

The company is exempt by virtue of Section 401 of the Companies Act 2006 from the requirement to prepare group financial statements as it is a qualifying entity. These financial statements present information about the company as an individual undertaking and not about its group.

The company is a subsidiary undertaking of KION GROUP AG (incorporated in Germany). The smallest and largest group in which the results of the company are consolidated is that headed by KION GROUP AG, who prepare financial statements in accordance with Section 315a of the German Commercial Code (HGB) in conjunction with International Financial Reporting Standards (IFRS) as adopted by the European Union. The consolidated financial statements of KION GROUP AG are available at Abraham-Lincoln-Strasse 21, 65189, Wiesbaden, Germany.

These financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

1.2 Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied.

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the European Union ("Adopted IFRSs") but makes amendments where necessary in order to comply with Companies Act 2006. In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 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, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRSs;
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- the requirements of paragraph 52, the second sentence of paragraph 89, paragraphs 90, 91 and 93 and the requirements of paragraph 58 of IFRS 16 Leases; and

DEMATIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (continued)

1.2 Basis of preparation (continued)

- the exemption in relation to IAS 1 requirements for comparative information for fixed asset reconciliations.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the Directors, in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 25.

1.3 Basis of measurement

The financial statements have been prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments classified as fair value through profit or loss. Monetary assets and liabilities denominated in foreign currencies are translated at period-end exchange rates. Where applicable, information about the methods and assumptions used in determining the respective measurement bases is disclosed in the notes specific to that asset or liability.

1.4 Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. The directors' report further describes the financial position of the company; its cash flows, liquidity position and borrowing facilities; the company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

The company's forecasts and projections, taking account of reasonable changes in market performance, show that the company should be able to operate within the level of its available working capital. It should be noted that the company operates in a Group which adopts a monthly sweep of cash balances. At the year end the company had net current amounts owed by Group undertakings which led to a net current asset.

The company has adequate resources to continue in operational existence for the foreseeable future. In stating this position, it is recognised that the company is dependent on KION Group for its financial support. In this regard the Directors have confirmed that the overall going concern position is fully supported, and that they have not identified any material uncertainties in relation to going concern. The company has in place financial support from KION Group AG for a period of at least 12 months from the date of signing. Thus, they continue to adopt the going concern basis in preparing the annual financial statements

DEMATIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (continued)

1.5 Foreign currency

Transactions in foreign currencies are translated to the company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.6 Turnover

Turnover is the fair value of the consideration received for the sale of goods and services (excluding VAT) after deduction of trade discounts and rebates. In addition to the contractually agreed consideration, the transaction price may also include variable elements such as rebates and penalties. Turnover is recognised when control of the good or service passes to the customer.

Project business contracts

Receivables and turnover from project business contracts are recognised over a particular period according to the stage of completion (percentage-of-completion method). The percentage-of-completion is the proportion of contract costs incurred up to the reporting date compared to the total estimated contract costs as at the reporting date (cost-to-cost method). Under the percentage-of-completion method, project business contracts are measured at the amount of the contract costs incurred to date plus the pro rata profit earned according to the percentage-of-completion method. If it is probable that the total contract costs will exceed the contract turnover, the expected loss is immediately recognised as an expense in the financial year in which the loss emerges. If the contract costs incurred and the profit and loss recognised exceed the progress billings, the excess is recognised as an asset under contract assets. If the progress billings exceed the capitalised contract costs and recognised profit and loss, the excess is recognised as a liability under contract liabilities. Progress billings are based on a payment schedule provided to the customer at the outset of each project business contract.

If the outcome of a project business contract cannot be reliably estimated, the likely achievable turnover is recognised up to the amount of the costs incurred. Contract costs are recognised as an expense in the period in which they are incurred. Variations in the contract work, claims and incentive payments are recognised if they are likely to result in turnover and their amount can be reliably estimated.

The company's obligation to repair or replace faulty products under the standard warranty terms is recognised as a provision.

Performance obligations

Warranties

Provisions for estimated costs related to product warranties are recorded in costs of goods sold and services rendered at the date the related sale is recognised and are determined on an individual basis. The estimate reflects the historical trends of warranty costs, as well as information regarding product failure experienced during construction, installation, or testing of products. In the case of new products, expert opinions and industry data are also taken into consideration in estimating product warranty provisions.

DEMATIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (continued)

1.6 Turnover (continued)

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before the provision is established the company recognises any impairment loss on the assets associated with that contract.

Rendering of services

The company provides aftermarket services for installed solutions in the form of maintenance contracts.

For long-term contracts turnover is recognised on a straight-line basis over the term of the contract. For all other services turnover is recognised at the date the services' performance obligation has been completed.

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Sale of goods

As part of its aftermarket solutions the company also sells spare parts for installed solutions. Turnover on spare parts is recognised when control of the good has transferred, being when the good has been delivered to the customer, the risks and rewards incidental to the ownership of the goods sold are substantially transferred to the customer and recovery of the consideration is sufficiently probable.

1.7 Other operating income

Government Grants

Grants received by the company have been accounted for under the accrual model and recognised within other operating income.

DEMATIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (continued)

1.8 Finance costs

Interest payable and interest receivable

Interest payable and similar charges include interest payable and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Other interest receivable and similar income includes interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss on an accruals basis, using the effective interest rate method.

1.9 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts in addition to its fixed contributions. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

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 profit-sharing plans if the company 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 estimated reliably.

1.10 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

DEMATIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (continued)

1.10 Taxation (continued)

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1.11 Intangible assets

Intangible assets represent internally generated software and are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated to write off the software over its expected useful life of 3 years, on a straight-line basis.

The costs in developing the software are recognised when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

1.12 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

Fixtures and fittings	– 3 - 5 years
-----------------------	---------------

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the profit and loss account.

DEMATIC LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (continued)

1.13 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. In the case of manufactured stocks and work in progress, cost includes the purchase price and other costs directly attributable to acquisition as well as an appropriate share of overheads based on normal operating capacity.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss in the period the write-down occurs.

1.14 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity, trade and other debtors, cash and cash equivalents and trade and other creditors.

Investments in debt and equity securities

Financial instruments held for trading are stated at fair value, with any resultant gain or loss recognised in profit or loss.

Other investments in debt and equity securities held by the company are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognised directly in equity (in the fair value reserve), except for impairment losses and, in the case of monetary items such as debt securities, foreign exchange gains and losses. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest rate method is recognised in profit or loss.

Investments in subsidiaries are carried at cost less impairment.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate method.

DEMATIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (continued)

1.15 Derivative financial instruments

Derivative financial instruments that are part of a formally documented hedge with a hedged item are not assigned to any of the IFRS 9 measurement categories and are therefore recognised in accordance with the hedge accounting rules described below.

In the case of cash flow hedges for hedging currency risk and interest-rate risk, derivatives are used to hedge future cash flow risks from existing hedged items, planned transactions and firm obligations not reported in the balance sheet. The effective portion of changes in the fair value of derivatives is initially recognised in equity in the hedge reserve (other comprehensive income). The amounts previously recognised in the hedge reserve are subsequently reclassified to the profit and loss account when the gain or loss on the corresponding hedged item is recognised. Any ineffective portion of the changes in fair value is recognised immediately in the profit and loss account.

The critical-terms-match method is used to measure the prospective effectiveness of the hedges. Ineffective portions can arise if the critical terms of the hedged item and hedge no longer match; this is determined using the dollar-offset method.

Derivative financial instruments that are not part of a formally documented hedge are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss.

1.16 Impairment excluding stock and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

DEMATIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (continued)

1.16 Impairment excluding stock and deferred tax assets (continued)

The recoverable amount of an asset or cash-generating unit ("CGU") is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the CGU). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.17 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

1.18 Provisions

A provision is recognised in the balance sheet when the company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.19.1 Warranties

Provisions for estimated costs related to product warranties are recorded in costs of goods sold and services rendered at the date the related sale is recognised and are determined on the individual basis. The estimate reflects the historical trends of warranty costs, as well as information regarding product failure experienced during construction, installation, or testing of products. In the case of new products, expert opinions and industry data are also taken into consideration in estimating product warranty provisions.

DEMATIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (continued)

1.19.2 Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before the provision is established the company recognises any impairment loss on the assets associated with that contract.

1.20 Leases

At inception of a contract, the company assesses whether the contract is, or contains, a lease. A contract is 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. The company has applied this criteria since adopting IFRS 16 effective from 1 January 2018.

Where a contract is deemed to be, or contains, a lease, 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, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life or the end of the lease term.

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 Group's incremental borrowing rate. During the current financial year, the total cash outflow for leases amounted to £1,223,219 (2021: £1,320,951).

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2 Turnover

Analysis of turnover by country of destination:

	2022	2021
	£'000	£'000
United Kingdom	211,235	233,206
Rest of the world	44,191	62,039
	255,426	295,245

DEMATIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

2 Turnover (continued)

Analysis of turnover by class:

	2022	2021
	£'000	£'000
Projects	173,895	219,790
Spare parts	7,633	8,616
Services	73,898	66,839
	255,426	295,245

Assets and liabilities related to contracts with customers

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

	2022	2021
	£'000	£'000
Contract assets - opening balance	24,211	29,481
Contract liabilities - opening balance	50,901	34,713
Contract assets - closing balance	22,085	24,211
Contract liabilities - closing balance	30,322	50,901

Turnover recognised in relation to contract liabilities

How the timing of satisfaction of performance obligations relates to the typical timing of payment and the effect that those factors have on the contract asset and the contract liability balances is explained in the accounting policies in note 1.6. The following table shows how much of the turnover recognised in the current year related to carried forward contract liabilities:

	2022	2021
	£'000	£'000
Contract liabilities	131,418	171,548

DEMATIC LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

3 Operating (loss)/profit

Operating (loss)/profit is stated after charging:

	2022	2021
	£'000	£'000
Research and development charged as an expense	11,596	14,670
Impairment of subsidiary	–	289
Motor vehicle lease costs relating to short-term and low value assets	1,653	1,050
Rental lease costs relating to short-term and low value assets	163	217
Amortisation of intangible assets	314	–
Depreciation of tangible fixed assets	935	826
Depreciation of right-of-use assets	1,108	1,219
Contributions to defined contribution pension plan	3,244	2,783

The research and development charged as an expense relates to intragroup licences and royalties e.g. the Cross Licence fee which is a royalty payment for the use of other Dematic IP products.

4 Auditor's remuneration

The company paid the following amounts to its auditor:

	2022	2021
	£'000	£'000
Audit of these financial statements	100	70

5 Employees

Staff costs, including Directors' remuneration, were as follows:

	2022	2021
	£'000	£'000
Wages and salaries	53,540	50,974
Social security costs	5,449	4,539
Contributions to defined contribution pension schemes	3,244	2,783
	62,233	58,296

The average monthly number of employees, including the Directors, during the year was as follows:

	2022	2021
	No.	No.
Finance and administration	77	66
Technical and sales	984	881
	1,061	947

DEMATIC LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

6 Directors' remuneration

	2022	2021
	£'000	£'000
Directors' emoluments	482	838
Company contributions to defined contribution pension schemes	24	23
	506	861

During the year, retirement benefits were accruing to 4 Director (2021: 3) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £194,624 (2021: £538,058).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £Nil (2021: £Nil).

7 Interest receivable and similar income

	2022	2021
	£'000	£'000
Interest receivable from group undertakings	694	52

Average interest rate 1.42% (2021: 0.01%)

8 Interest payable and similar charges

	2022	2021
	£'000	£'000
Interest payable to group undertakings	78	93
Interest expense from leases	89	99
	167	192

Average interest rate 2.44% (2021: 1.01%)

DEMATIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

9 Taxation

	2022 £'000	2021 £'000
Current tax:		
Current tax on (loss)/profit for the year	(4,673)	113
Adjustments in respect of prior years	(225)	42
Foreign tax relief/other relief	–	(113)
Foreign tax suffered	103	126
Total current tax	(4,795)	168
Deferred tax:		
Current year	743	(305)
Adjustments in respect of prior years	273	–
Effect of changes in tax rates	(50)	(228)
Total deferred tax	966	(533)
Tax per profit and loss account	(3,829)	(365)
Other comprehensive income items		
Deferred tax - current year charge	(27)	(150)
Deferred tax - prior year	(44)	(8)
Tax per other comprehensive income	(71)	(158)

DEMATIC LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

9 Taxation (continued)

Factors affecting total tax credit for the current year

The tax credit for the year can be reconciled to the (loss)/profit per the profit and loss account as follows:

	2022 £'000	2021 £'000
(Loss)/profit before taxation	(49,481)	5,757
Tax on (loss)/profit at standard UK tax rate of 19% (2021: 19%)	(9,401)	1,094
<i>Effects of:</i>		
Adjustments in respect of prior years	48	42
Expenses not deductible	13	60
Income not taxable	(20)	–
Tax rate changes	(50)	(228)
Overseas tax rates	103	13
Amounts not recognised	5,478	(1,346)
Tax credit for year	(3,829)	(365)
Income tax credit reported in the profit and loss account	(3,829)	(365)

Current tax liabilities:

	2022 £'000	2021 £'000
Corporation tax	12	–
Overseas tax	10	50
Group relief (debtor)/creditor	(4,874)	253
	(4,852)	303

Deferred tax assets:

	2022 £'000	2021 £'000
At start of year	1,792	1,418
Adjustments in respect of prior years	(229)	(8)
Deferred tax charge to P&L for the year	(693)	532
Deferred tax charge in OCI for the year	27	(150)
At end of year	897	1,792

DEMATIC LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

9 Taxation (continued)

Deferred tax assets consist of:

	2022 £'000	2021 £'000
Fixed assets	928	939
Losses	–	948
IFRS 16 restatement	10	13
Trading temporary differences	(41)	(108)
	897	1,792

Movement in deferred tax assets and (liabilities)

	Fixed assets £	Tax losses £	IFRS 16 restatement £	Trading temporary differences £	Total £
At 1 January 2021	806,348	551,000	12,803	47,599	1,417,750
Prior year adjustments	–	–	–	(8,550)	(8,550)
(Charged)/credited to P&L	132,310	397,138	599	3,030	533,077
(Charged)/credited to OCI	–	–	–	(149,910)	(149,910)
At 31 December 2021	938,658	948,138	13,402	(107,831)	1,792,367
At 1 January 2022	938,658	948,138	13,402	(107,831)	1,792,367
Prior year adjustments	(220,270)	(52,314)	–	44,568	(228,016)
(Charged)/credited to P&L	209,805	(895,824)	(3,444)	(5,046)	(694,509)
(Charged)/credited to OCI	–	–	–	26,754	26,754
At 31 December 2022	928,193	–	9,958	(41,555)	896,596

IFRS 16 transitional adjustments and losses are expected to reverse during the year ended 31 December 2023. Trading temporary differences are expected to reverse during the year ended 31 December 2023. The deferred tax asset not recognised relating to losses amounts to £7,208,399.

DEMATIC LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

9 Taxation (continued)

The recognition of deferred tax assets is on the following basis:

1. The company recognised a deferred tax asset on the full losses carried forward. This asset has been recognised at 19% on the basis that, given the current level of profits, the company would utilize the asset before April 2023.
2. The company has calculated the deferred tax liability on temporary trading differences at a rate of 19% on the basis that these will reverse prior to April 2023.
3. Adopting a consistent approach with the prior year, deferred tax assets in relation to fixed assets and provisions have been recognised in full.
4. Depreciation on fixed assets not qualifying for capital allowances has been assumed as being at 25% per annum. This is in line with the treatment in prior years.
5. Deferred tax has not been calculated on the shares not yet exercised as the amounts involved are not considered to be material.

10 Intangible assets

	Software £'000
Cost	
At 1 January 2022	1,100
Additions	155
At 31 December 2022	1,255
Amortisation	
At 1 January 2022	–
Charge for the year	314
At 31 December 2022	314
Net book value	
At 31 December 2022	941
At 31 December 2021	1,100

During the year, the company capitalised directly attributable development costs relating to an internally generated software tool. The software tool is being amortised over its estimated useful life of 3 years, on a straight-line basis.

DEMATIC LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

11 Tangible fixed assets

	Fixtures and fittings £'000
Cost	
At 1 January 2022	6,335
Additions	516
Disposals	(177)
At 31 December 2022	6,674
Depreciation	
At 1 January 2022	4,094
Charge for the year	935
Disposals	(167)
At 31 December 2022	4,862
Net book value	
At 31 December 2022	1,812
At 31 December 2021	2,241

12 Right-of-use assets

	Right-of-Use: Buildings £'000	Right-of-Use: Cars £'000	Total £'000
Cost			
At 1 January 2022	6,313	1,922	8,235
Additions	3	332	335
Disposals	–	(205)	(205)
At 31 December 2022	6,316	2,049	8,365
Depreciation			
At 1 January 2022	3,068	1,093	4,161
Charge for the year	684	424	1,108
Disposals	–	(166)	(166)
At 31 December 2022	3,752	1,351	5,103
Net book value			
At 31 December 2022	2,564	698	3,262
At 31 December 2021	3,245	829	4,074

Total cash outflow for leases was £1,223,219 in 2022 (2021: £1,320,951).

DEMATIC LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

13 Investments

	Investments in subsidiary companies £'000
Cost	
At 1 January 2022 and 31 December 2022	579
Impairment provision	
At 1 January 2022	289
Charge for the year	–
At 31 December 2022	289
Net book value	
At 31 December 2022	290
At 31 December 2021	290

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Dematic Logistics de Mexico	Mexico	Ordinary	99 %	Sale and servicing of automated warehouse and distribution systems
Dematic Trading de Mexico	Mexico	Ordinary	99 %	Sale and servicing of automated warehouse and distribution systems
DMTC Services S de RL de CV Mexico	Mexico	Ordinary	99 %	Sale and servicing of automated warehouse and distribution systems

The principal place of business for all subsidiary undertakings is Avenida Desarrollo, 540 Parque Industrial Finsa Guadalupe CP 67114, Guadalupe, Nuevo Leon, Mexico.

14 Stocks

	2022 £'000	2021 £'000
Raw materials and consumables	277	276
Work in progress (goods to be sold)	1,140	1,155
	1,417	1,431

The difference between purchase price or production cost of stocks and their replacement cost is not significant.

DEMATIC LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

15 Debtors: amounts falling due within one year

	2022	2021
	£'000	£'000
Trade debtors	20,281	24,605
Amounts owed by parent undertaking	57,133	84,579
Amounts owed by fellow group undertakings	2,360	2,770
Other debtors	17	33
Prepayments	53	185
Amounts recoverable on contracts	22,085	24,211
	101,929	136,383

Amounts owed by parent undertaking represent cash balances repayable on demand and are interest bearing at an average variable rate in 2022 of 1.42% (2021: 0.01%).

16 Cash at bank and in hand

	2022	2021
	£'000	£'000
Cash at bank and in hand	10,569	5,258

17 Creditors: amounts falling due within one year

	2022	2021
	£'000	£'000
Payments received on account (contract liabilities)	30,322	50,901
Trade creditors	16,177	14,680
Amounts owed to fellow group undertakings	26,659	28,828
Corporation tax	22	50
Taxation and social security	2,276	4,716
Other creditors	6,847	5,423
Accruals and deferred income	28,921	12,399
Lease liabilities	938	1,047
	112,162	118,044

Amounts owed to fellow group undertakings are interest bearing at an average variable rate of 2.44% (2021: 1.01%) and are repayable on demand.

DEMATIC LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

18 Creditors: amounts falling due after more than one year

	2022 £'000	2021 £'000
Accruals and deferred income	22,891	1,728
Lease liabilities	2,292	3,137
	25,183	4,865

	2022 £'000	2021 £'000
Within five years	25,183	4,678
More than five years	–	187
	25,183	4,865

During the current and prior year, there were no secured loans. Intercompany balances are dealt with on a separate basis.

19 Financial instruments

	2022 £'000	2021 £'000
Financial assets		
Financial assets measured at amortised cost	90,360	116,482
Financial assets at fair value	14	763
	90,374	117,245
Financial liabilities		
Financial liabilities measured at amortised cost	(41,484)	(47,245)
Financial liabilities at fair value	(22)	(446)
	(41,506)	(47,691)

Financial assets measured at amortised cost relate to cash flows which will take place within 12 months of the year end date.

The company also uses derivative financial instruments to manage the forward foreign exchange rate risk. After initial recognition at the date the derivative contract is entered into, the derivative is subsequently re-measured to fair value. Their fair value was determined using appropriate valuation methods on the basis of the observable market information at the reporting date. The fair value of the currency forwards was calculated using the present value method based on forward rates.

Financial liabilities measured at amortised cost relate to cash flows which will take place within 12 months of the year end date.

DEMATIC LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

20 Called up share capital

	2022	2021
	£'000	£'000
Allotted, called and fully paid		
6,111,485 ordinary shares of £1 each	6,111	6,111

21 Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents defined contributions payable by the company to the scheme (see note 5).

22 Related party transactions

The company has taken advantage of the exemption offered by FRS 101 which precludes the necessity to detail related party transactions between wholly owned subsidiaries.

23 Post balance sheet events

Details of post balance sheet events are provided in the Directors' Report.

24 Controlling party

The company is a subsidiary undertaking of Dematic Holdings UK Limited (incorporated in the United Kingdom). The ultimate controlling party is KION GROUP AG (incorporated in Germany). The smallest and largest group in which the results of the company are consolidated is that headed by KION GROUP AG; which prepares consolidated financial statements under International Financial Reporting Standards (IFRS) as adopted by the European Union. Copies of these consolidated financial statements can be obtained from the registered office at Abraham-Lincoln-Strasse 21, 65189, Wiesbaden, Germany.

DEMATIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

25 Accounting estimates and judgements

The preparation of the financial statements in conformity with FRS 101 requires management to make judgements, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Management continually review all estimates involved, adjusting them as necessary.

Key accounting judgements

There are no key accounting judgements made in the preparation of these financial statements.

Key sources of estimation uncertainty

Contract risk

A major portion of the company's business is performed on the basis of long-term contracts, often for large projects, awarded on a competitive bidding basis. The company records a provision for onerous sales contracts when current estimates of total contract costs exceed contract turnover. Such estimates are subject to change based on new information as projects progress toward completion.

Onerous sales contracts are identified by monitoring the progress of the project and updating the estimate of total contract costs, which also requires significant judgement relating to achieving certain performance standards and estimates involving warranty costs.

Warranty provisions include both specific and general risks. Specific warranty provisions are based on individual customer complaints, valued using engineer knowledge and the risk and probability of conformity. General warranty risk is covered by an overall provision and measured by using the experience of the past as an indicator, engineer knowledge and management judgement.

Recognition of turnover on project business contracts

The company conducts a significant portion of its business under project business contracts with customers. The company generally accounts for projects using the percentage-of-completion method, recognising turnover as performance on a contract progresses. This method places considerable importance on accurate estimates of the extent of progress towards completion. Depending on the methodology to determine contract progress, the significant estimates include total contract costs, remaining costs to completion, total contract turnover, contract risks and other judgements.