COMBINED MANAGEMENT REPORT

GROUP PRINCIPLES

BUSINESS ACTIVITIES AND ORGANISATIONAL STRUCTURE

Integrated business model and international orientation
Jungheinrich is one of the world's leading solutions providers for the intralogistics sector. With a comprehensive portfolio of material handling equipment, automatic systems and services, Jungheinrich is able to offer customers solutions to the challenges posed by Industry 4.0.

The integrated business model encompasses the development, production and sale of new material handling equipment and the planning and realisation of automatic systems, the short-term rental of new and used material handling equipment, the reconditioning and sale of used forklifts and after-sales services. Jungheinrich also supplies stacker cranes and load handling equipment. In addition, the customer receives their entire factory and office equipment from a single source. The material handling equipment consists almost exclusively of battery-powered trucks. In addition to electric engines and drive controls, Jungheinrich also manufactures matching lithium-ion batteries and battery chargers. Almost all of our trucks are available with a lithium-ion battery. Digital products, such as the Jungheinrich warehouse management system (WMS) and the fleet management system, based on the latest generation of the Jungheinrich IoT platform in the cloud, complement our portfolio. We also offer our customers a comprehensive range of financial services. We aim to create sustainable value at Jungheinrich.

The group has twelve plants, eight of which are in Germany, two in China, one in Hungary and one in Romania. Jungheinrich manufactures stacker trucks, reach trucks and horizontal order pickers in Norderstedt. In addition to truck production, the plant also manufactures electronic control units, lithium-ion batteries and battery chargers. The Lüneburg plant produces light-duty vertical order pickers, tow tractors and automated guided vehicles in addition to small-series and customised trucks. The Moosburg plant manufactures counterbalanced trucks, while the neighbouring factory in Degernpoint manufactures narrow-aisle trucks, heavy-duty vertical order pickers and automated guided vehicles. The production focus at the Landsberg/Saale plant is on low-lift trucks and double-decker trucks. The groundbreaking for an additional plant in Chomutov (Czechia), where primarily reach trucks will be produced, is scheduled for May 2022. Used equipment is industrially reconditioned in a plant close to Dresden and in a plant in Ploiești (Romania). Jungheinrich also reconditions used material handling equipment in Qingpu (China) and Bangkok (Thailand). The Qingpu plant in China produces low-lift and stacker trucks, battery-powered counterbalance trucks and reach trucks, as well as control units and batteries. The MIAS Group manufactures stacker cranes and load handling equipment at its locations in Munich, Gyöngös (Hungary) and Kunshan (China). Jungheinrich also works together with Triathlon Holding GmbH on lithium-ion batteries through JT Energy Systems GmbH, based in Freiburg, Saxony, and founded in 2019. JT Energy Systems GmbH's work includes manufacturing and reconditioning lithium-ion batteries. In addition to its headquarters in Munich, arculus GmbH (arculus), acquired in the fourth quarter of 2021 and specialising in autonomous mobile robots and software solutions, also has a research and development centre in Ingolstadt, a project office in Stuttgart and a software hub in Dresden.

The development and production of digital products is concentrated at the locations in Graz (Austria), Hamburg and Madrid (Spain).

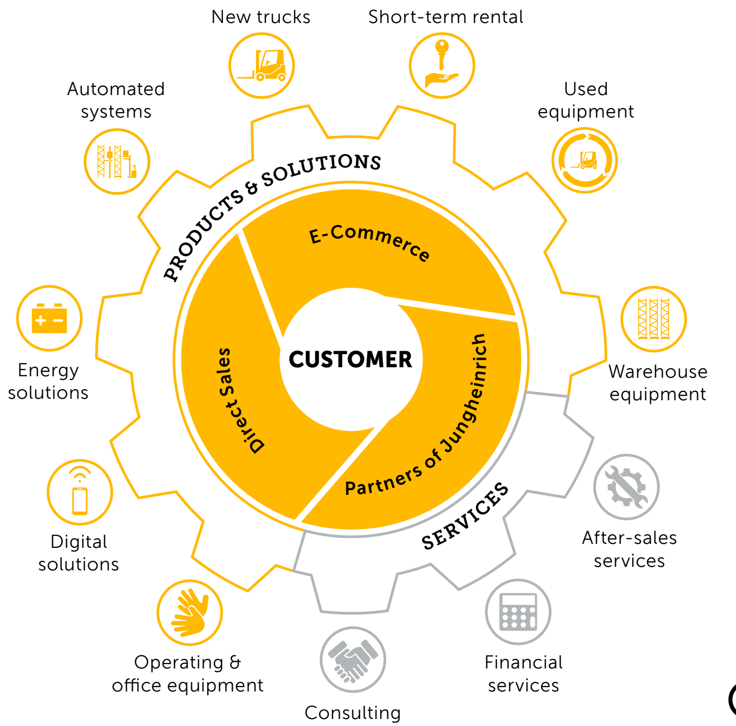
Jungheinrich has held a stake in Magazino GmbH, Munich (Magazino), since 2020. The company is a robotics start-up. At the same time, a strategic co-operation in the field of mobile automation was agreed with this company.

To cover the constantly growing after-sales services business, Jungheinrich operates a modern spare parts centre in Kaltenkirchen. With this warehouse, and others in Lahr, Bratislava (Slovakia), Moscow (Russia), Shanghai (China), Birmingham (United Kingdom) and Singapore (Singapore), Jungheinrich can guarantee the best possible global supply of spare parts for its after-sales services. Through the joint venture TREX.PARTS GmbH & Co. KG, Jungheinrich is tapping into additional market potential in the spare parts market. The company offers a comprehensive product range with original manufacturer spare parts and alternative parts of original equipment quality or comparable quality.

In North America, Jungheinrich cooperates with Mitsubishi Caterpillar Forklift America Inc., a sales partner with a comprehensive dealership footprint. A joint venture is focused on direct sales of automated guided vehicles in North America (MCJ Supply Chain Solutions LLC, Houston). In China, Jungheinrich serves the metropolitan regions of Shanghai, Changzhou, Guangzhou and Tianjin through a joint venture with Anhui Heli Co. Ltd., leasing material handling equipment via four subsidiaries. Jungheinrich covers almost all demand for electric motors in a joint venture with another manufacturer of material handling equipment in Moravany (Czechia) and Putian (China).

Jungheinrich has established a global direct sales and service network with locations in 40 countries to offer the best-possible customer service. The Jungheinrich Group is also represented in approximately 80 other countries through partner companies. The Group's core market is Europe, where 87 per cent of Group revenue is generated. Of the European revenue, 27 per cent is generated in Germany.

BUSINESS MODEL OF JUNGHEINRICH



Organisation and Group management

Jungheinrich AG controls the Group centrally and cross-functionally as a management holding company. It assumes key Group-wide functions such as Corporate Finance, Corporate Controlling, Corporate Communications, Corporate Legal Affairs & Insurances, Corporate Accounting and Corporate Compliance, and Audit & Data Protection. There was a personnel increase in the Corporate HR and Corporate IT Processes & Systems departments as part of the implementation of Strategy 2025+. The Corporate Sustainability Health & Safety department was also restructured and more capacity added, while the Corporate Finance department gained more M&A expertise.

The Board of Management is responsible for the Group's strategic management and operational leadership. This includes determining and monitoring company targets, taking responsibility for leadership, management and controlling processes – including risk and opportunity management – and resource allocation. The key figures and reports regularly presented to the entire Board of Management are based on Group-wide, economic performance parameters.

The advisory and supervisory body for the Board of Management is the Supervisory Board, which consists of twelve people, pursuant to the requirements of the German Co-Determination Act. There are an equal number of shareholder representatives and employee representatives on the Supervisory Board.

As the parent company, Jungheinrich AG holds shares directly and indirectly in both domestic and foreign subsidiaries. The managing directors of the subsidiaries are responsible for operations and economic performance in the local markets. The companies receive support from the management of the holding company, but are independent from a legal perspective. The consolidated financial statements cover 93 fully consolidated companies – including Jungheinrich AG. The complete shareholdings in Jungheinrich AG can be found in the notes to the consolidated financial statements [page 144 ff.].

Important key performance indicators

The Jungheinrich Group uses selected key figures to determine budget targets as well as medium- and long-term company targets. The Board of Management considers key financial indicators predominantly in order to manage the Group. Net debt/net credit and return on capital employed (ROCE) are used for management purposes, in addition to incoming orders and revenue, earnings before interest and taxes (EBIT) or EBIT return on sales (EBIT ROS) and earnings before taxes (EBT) or EBT return on sales (EBT ROS). Another performance parameter is that ratio of trucks equipped with lithium-ion batteries.

Net debt/net credit consists of financial liabilities less cash and cash equivalents and securities. Financial liabilities include liabilities due to banks, promissory notes, liabilities from financing trucks for short-term rental, lease liabilities and notes payable, but not liabilities from financial services.

Net debt/net credit will be reported for the last time as a performance parameter in the 2021 annual financial statements. As this figure will no longer be used internally for management purposes from the beginning of the 2022 financial year, it will not be included in the forecast for the 2022 financial year. As part of Strategy 2025+, we plan to use a cash flow-based figure for management purposes. We are currently working on a final definition for the new cash flow-based performance parameter and will implement this in the 2022 reporting year. The definition, calculation methodology, and actual and target figures will be appear in the interim report as of 30 June 2022 for the first time.

The previously used figure return on capital employed (ROCE), which was based on interest-bearing capital employed in Group assets, was replaced by EBIT return on capital employed (ROCE new), which is based on the figures from the “Intralogistics” segment, on 30 June 2021. The old figure will be reported for the last time in statements as at 31 December 2021. The main reason for introducing this figure is that it allows better management of the operating units in the Jungheinrich Group in comparison with the previously reported EBIT return on capital employed (ROCE) by drawing on EBIT and the “Intralogistics” segment’s capital employed in addition to measuring operating returns at Group level. The new key figure was used and reported for the first time in the first half of 2021 to evaluate to what extent annual planning for the 2021 financial year as well as medium-term corporate goals have been achieved. ROCE new is also one of the figures used for calculating long-term variable remuneration for the Board of Management.

The financial key figure ROCE new represents the rate of return based on the EBIT generated in the “Intralogistics” segment in relation to the capital employed that can be attributed to this segment. This means returns can be determined regardless of whether a customer has financing from the Jungheinrich Group’s “Financial Services” segment. Capital employed is calculated from fixed assets (without trucks for short-term rental and trucks for lease) plus trucks for short-term rental and working capital less other provisions. Working capital includes inventories as well as trade accounts receivable and contract assets less trade accounts payable and contract liabilities. The average of capital employed is calculated by including the figures as at the balance sheet date of the current quarter and the three quarters before this balance sheet date in order to prevent fluctuations in the capital employed on the balance sheet date. For interim reporting, the EBIT of the period is annualised and viewed in relation to the average capital employed.

The figure will be regularly reported and monitored to manage the business units assigned to the “Intralogistics” segment. ROCE is not reported for the “Financial Services” segment as the EBIT return on capital employed (ROCE) is not a control parameter for this segment.

ROCE, reported for the last time in the current reporting year, is the parameter for measuring the profitability of capital employed. This figure is determined by the ratio of EBIT to interest-bearing capital (as at the balance sheet date). Interest-bearing capital consists of shareholders’ equity, financial liabilities (excluding liabilities from financial services), provisions for pensions and similar obligations and non-current personnel provisions less cash and cash equivalents and securities.

In addition to the ROCE new financial key figure, the equipment ratio of trucks with lithium-ion batteries as part of both the short-term and long-term variable remuneration of the Board of Management is also a new material non-financial control parameter for the Jungheinrich Group from the reporting year. It symbolises the company’s commitment to sustainability and is an integral part of the Group strategy. It is also one of the central targets of Strategy 2025+. The equipment ratio of lithium-ion batteries is calculated from the ratio of incoming orders for lithium-ion battery-powered trucks (units; excluding purchased electric trucks with built-in batteries) to incoming orders for battery-powered trucks, regardless of type of battery (units; excluding purchased electric trucks with built-in battery).

The Board of Management follows developments in the figures indicated above as part of the regular reporting process. Where necessary, appropriate measures are launched and significant deviations analysed based on constant monitoring of target and actual figures.

Changes in various early indicators are monitored and evaluated in order to recognise possible future developments within the company in good time and to maintain a basis on which to base business policy decisions. These are primarily prognoses from economic experts on developments in gross domestic product in Jungheinrich’s core markets, indices for evaluating the economic situation in the sector, and continual monitoring of incoming orders and orders on hand.

Supply chains successfully secured, despite extreme materials shortages
As in the previous year, the coronavirus pandemic had a significant impact on global supply chains in 2021. We continued to put a great amount of effort into securing materials for Jungheinrich. Due to the global interconnections in supply chains, the effects of the supply bottlenecks spread throughout the entire supplier and materials portfolio, as well as the associated logistics capacities. The task forces formed in 2020 have come to play a vital role in securing supplies. Supply range, capacity, delivery times and delivery routes are monitored on a daily basis through consistent supplier risk management, which includes sub-suppliers. Depending on current infection rates, the infection rates within critical suppliers' workforces were also included in supplier management. In addition to these preventative measures, we also pushed forward with setting up alternative supplier and materials portfolios and far-reaching support materials purchases were made and different types of transport used. Stability in transport logistics and parts supply for production was upheld throughout the 2021 financial year with this comprehensive procurement market and supplier management. The tense situation on the market, however, has led to considerable increases in material prices and logistics costs.

In the 2021 financial year, the purchasing volume at the Jungheinrich Group rose to €2,597 million following €1,992 million in the previous year. The sharp rise in demand for material handling equipment and the associated increase in incoming orders over the course of the year had an effect on the number of units produced. In addition to the previously mentioned price increases in materials and logistics, this also led to a higher procurement volume for production materials and project orders as well as all directly and indirectly related services.

The purchasing volume can generally be divided into:
– Production materials, including post-production materials
– Indirect materials and services
– Merchandise

BREAKDOWN OF PURCHASING VOLUME IN 2021

in € million	2021	2020	Change %
Production materials	1,178	865	36.2
Indirect materials and services	748	619	20.8
Merchandise	670	508	31.9
Total	**2,597**	**1,992**	**30.4**

Table contains rounding differences.

Once again, in the reporting year, around 90 per cent of the Group's purchasing volume, which was higher than in the 2020 financial year, was attributable to Europe as a result of Jungheinrich's strong presence in this market and the production plants being primarily located in Germany.

The top-selling commodity groups were batteries, warehouse equipment, steel components, logistics services and electric drive trains.

Research and development
The main research and development (R&D) activities in the 2021 financial year focussed on the further development of efficient lithium-ion technology-based energy storage systems, the associated improvements in terms of constructing new material handling equipment and digital products. In addition, the automation of material handling equipment and the optimisation of automated systems were another development focus.

RESEARCH AND DEVELOPMENT EXPENDITURE

in € million

R&D expenditure consists primarily of internal services. Including the use of third-party services, it stood at €102 million in the Group, 15 per cent higher than in the previous year (€89 million). This represents 2.4 per cent (previous year: 2.3 per cent) of Group revenue. The capitalisation ratio represented 18 per cent of Group revenue, remaining largely on a par with the previous year's figure (17 per cent). Depreciation, amortisation and impairment losses on capitalised development expenditure were immaterial in the reporting year, while impairment losses in the amount of €22 million were recorded in the previous year.

R&D received a personnel boost in the reporting year; the number of employees involved in development projects across the Group stood at an average of 661 in the reporting period (previous year: 629). Jungheinrich AG, which is responsible for Group-wide basic and product development, accounted for 97 (previous year: 95).

RESEARCH AND DEVELOPMENT

in € million	2021	2020	Change %
Total R&D expenditure	102	89	14.6
thereof capitalised development expenditure	18	15	20.0
Capitalisation ratio	18%	17%	–
Depreciation, amortisation and impairment losses on capitalised development expenditure	11	33	–66.7
R&D costs (statement of profit or loss)	95	107	–11.2
Total R&D expenditure/Group revenue	2.4%	2.3%	–
Average number of R&D employees (FTE)	661	629	5.1
Number of patent applications	96	89	7.9
Number of patents granted	104	111	–6.3

STRATEGY 2025+

With the aim of creating sustainable value for all stakeholders, Jungheinrich has been consistently implementing its corporate strategy 2025+ since autumn 2020. Within the framework of the six fields of action – automation, digitalisation, energy systems, efficiency, global footprint and sustainability – numerous projects were initiated, developed and implemented across the world in 2021.

The focal areas for the ongoing successful implementation of the strategy in the 2021 financial year are the following:

Central targets adjusted
The Strategy 2025+ targets were checked against current market and business developments over the course of 2021 and adjusted for the coming years.

We expect Group revenue to grow organically to €5.5 billion by 2025 and EBIT return on sales (EBIT ROS) to come in between 8 per cent and 10 per cent. We are striving for a share of revenue from outside of Europe of 20 per cent. The ROCE new key performance indicator introduced on 30 June 2021 is expected to be between 21 per cent and 25 per cent. In 2025, we want to achieve an equipment ratio with lithium-ion batteries of 70 per cent for our trucks. Employee productivity measured by EBIT per employee is to be about €23,000 and the proportion of female managers is to be increased to 18 per cent. Jungheinrich also intends to become climate neutral over the medium to long term. This target is a permanent and important element of our Group's system for key performance indicators.

The guideline for our R&D ratio as well as for the capital expenditure rate until 2025 is an order magnitude of 2.5 per cent of Group revenue annually.

Significant acquisitions and product innovations in automation
Automation is key to the future growth of Jungheinrich. Technologies and products related to mobile robots (automated guided vehicles – AGV, autonomous mobile robots – AMR), automated warehouse systems and software are the focus of the business activities with which we intend to expand and boost our portfolio in this area. This led to us acquiring the technology company arculus GmbH (arculus), Munich, in the fourth quarter of 2021. arculus specialises in hardware and software and focuses on AMR and software solutions for mobile automation. arculus' customer base includes well-known industrial customers.

The takeover of arculus is an important step in the implementation of our corporate strategy 2025+. One of the important areas of application – goods-to-person order picking – has recorded ongoing strong growth, not least because of the ever-increasing amount of e-commerce. arculus contributes to expanding Jungheinrich's portfolio of solutions to include AMR and advanced software solutions. With arculus's software management system, AMR/AGV fleets from any manufacturer can be operated with the VDA5050 interface. Based on the existing automation programmes, we intend to generate strong growth synergies with arculus, and tap into the considerable potential in automated warehouse logistics as a one-stop shop. And we have already gained our first customer, Prodrive Technologies, with this strategy in 2021.

Jungheinrich invested in Magazino in 2020 and agreed on a strategic collaboration in the field of mobile robots. Magazino is a technology company developing and building intelligent mobile robots that can process their surroundings and make decisions independently. We continued developing this collaboration further in the 2021 financial year.

With regard to implementing our strategic targets for automation, the variety of application areas in the field of mobile robots and the enormous development momentum is key.

We have also brought a product innovation to the market in the growth field of automated vehicles in the reporting year (EKS 215a). We designed a fully integrated AGV from scratch for the first time. Previously, we had offered such vehicles as automated versions of traditional series-produced trucks.

Digitalisation advancing with hybrid cloud and expansion of digital fleet-management system
Our strategy involves digitalising our own business processes as well as our customers' intralogistics processes and our interfaces with these processes in order to generate the basis for new products and business models.

With our new IT plant, we have laid the foundation for a hybrid cloud that will connect people, machines and software around the world. Short IT solution lead times mean digital transformation and new value-adding business models are made possible for us and our customers with the highest security. The aim of the global renovation of our IT network is to provide future-proof, safe and fast connectivity through modern communications methods for us internally as well as to our customers and suppliers.

We continued investing in the digital fleet management system "Jungheinrich FMS", our cloud-based telematics platform, in 2021, focussing on the migration of key customers' fleets to the new FMS system. The central, digital management of customer fleets, access management, detailed evaluation of operating hours and costs, and detailed recording of shocks provide significant advantages in resource scheduling, maintenance and the availability of trucks. Our new modules are designed to help our customers advance productivity and also offer a high level of user-friendliness and proactive management of critical situations. The new and improved digital system is now available in 14 countries and is being rolled out further.

New generation of trucks underscores Jungheinrich's core skill in energy systems
Electric mobility is one of Jungheinrich's core skills. In 2011, we became the first to launch a series-produced truck with a lithium-ion battery on the market. We are expanding our solid position when it comes to energy storage systems as part of Strategy 2025+ for this technology in our industry. Our new generation of trucks with integrated lithium-ion batteries are a vital component in the strategic direction we are taking.

In 2021, we brought two new truck innovations featuring the new battery concept to the market. The most significant aspect is that both battery-powered ride-on/pedestrian pallet trucks (ERE 225i, ERD 220i) are significantly shorter than predecessor models thanks to the integrated battery. This makes the trucks especially manoeuvrable and allows for precision even in the narrowest spaces resulting in efficiency gains for our customers.

We also continued to push forward with our strategic objective of bringing our energy expertise to industries beyond warehouse logistics in the reporting year. We recorded a rising number of customers for comprehensive energy solutions in series production and projects in new application areas (Jungheinrich Powertrain Solutions).

Improved efficiency with new production plants and DEEP programme
We expect demand for our material handling equipment to continue climbing sharply. We are therefore expanding our production network with a new plant for manufacturing reach trucks in particular. The production plant is a central component needed to reach the growth targets of Strategy 2025+ and to increase both our efficiency and profitability. This plant is scheduled to begin operations in the second half of 2023. The project budget for the new location amounts to approximately €60 million. The reason for choosing the Chomutov site in Czechia is its location at the heart of Europe and excellent logistical connections resulting from it. The current reach truck manufacturing in Norderstedt will be gradually transferred to the new location in Chomutov from 2023. The available capacities in Norderstedt will then be used to also enable further growth here.

As part of the DEEP programme (digital end-to-end processes), which aims to further the digital transformation and increase Group efficiency, the situation analysis including defining the IT target architecture was completed in 2021. We also redesigned the Group management system accordingly. Projects, in particular the setting up of a new ERP system, have been launched to increase customer centricity in the DEEP programme.

Global footprint while staying close to customers remains core goal
Local presence and proximity to customers in an international network is one of the factors for the success of our business model. We are especially aiming to grow more rapidly in North America and Asia through acquisitions and/or strategic partnerships.

Sustainability is in our DNA
As part of a global society, Jungheinrich is aware of its responsibility and contributes to the sustainable development of society. The targets and standards for this sustainable action throughout the whole company are defined in our sustainability strategy. The sustainability strategy also ensures adherence to all legal sustainability requirements, including the act on corporate due diligence in the supply chain. We aim to be our customers' partner of choice when it comes to sustainable products, services and intralogistics solutions.

We continued working on a number of projects and initiatives already underway in 2021, such as completing the switchover to green electricity at all German Jungheinrich locations in the first quarter of 2021; other branches in Europe and the rest of the world will follow. We have also begun producing our own solar power, at our headquarters in Hamburg for instance, and we intend to gradually equip all suitable locations with photovoltaics in the future.

The external evaluations of our sustainability activities have also improved. The progress we are making is clear from external ratings such as the EcoVadis sustainability rating. Once a year, participating companies are evaluated in the categories environment, labour and human rights, ethics, and sustainable procurement. Jungheinrich received the EcoVadis platinum rating, the highest rating, for the first time in 2021. We also received our first rating from CDP (formerly "Carbon Disclosure Project") for our commitment to measures to fight climate change in 2021. Jungheinrich was immediately placed in the second highest (B–) of four levels. Jungheinrich also committed to align its targets for reducing greenhouse gas emissions with the standards of the Science Based Targets initiative (SBTi) to restrict global warming to 1.5° Celsius in 2021. Since the climate conference in Paris in 2015, virtually all countries, including the European Union, have now agreed to work towards this goal. The SBTi is the equivalent for companies. In line with the initiative's standards, we will create and implement a plan with specific individual measures over the next two years.

We provide extensive information regarding our sustainability activities in the combined separate non-financial report in accordance with the CSR Directive Implementation Act in this annual report [page 12 ff.].

ECONOMIC REPORT

ECONOMIC AND SECTOR ENVIRONMENT

The regional focus of Jungheinrich's activities lies in Europe. Around 30 per cent of the global demand for material handling equipment originated in Europe in 2021. Outside Europe, the focus is on North America and Asia. Each country's gross domestic product (GDP) as an economic indicator is key to evaluating business developments in these regions.

Global economy recovers in 2021
The recession trend dominating in the previous year came to an end in 2021 with targeted intervention from central banks in the form of expansive monetary policies, far-reaching regional aid packages and vaccination campaigns to halt the pandemic. The global economy showed a clear recovery in the reporting year, supported by all of the nations and regions listed below. China and the USA recorded the strongest growth in the reporting year.

GROWTH RATES FOR SELECTED ECONOMIC REGIONS

Gross domestic product in %	2021	2020
World	5.9	–3.1
USA	5.6	–3.4
China	8.1	2.3
Eurozone	5.2	–6.4
Germany	2.7	–4.6

Source: International Monetary Fund (estimates as of 25 January 2022, with updated figures from previous years in comparison with combined management report 2020).

The Eurozone also recorded solid GDP growth in the reporting year of 5.2 per cent, following a clear contraction of –6.4 per cent in the previous year. The export-oriented German economy recovered noticeably from the economic decline of 4.6 per cent in the previous year and recorded GDP growth of 2.7 per cent in 2021. Based on a sharp drop in GDP of 8.0 per cent in the previous year, the French economy recorded economic growth of 6.7 per cent in the reporting year. The Italian economy gained 6.2 per cent, following an 8.9 per cent contraction in the previous year. Developments in the UK economy were largely in line with this, shrinking 9.4 per cent in the previous year and growing 7.2 per cent in 2021. Jungheinrich generates approximately half of its Group revenue in the four countries mentioned above. Russia's economic output rose by 4.5 per cent in 2021, after falling 2.7 per cent in 2020. GDP rose by 5.4 per cent in Poland in the reporting year. There, too, a 2.5 per cent decline was recorded in the previous year. Russia and Poland are also important markets for Jungheinrich.

Material handling equipment market shows strong growth
The global market volume for material handling equipment grew significantly in 2021 against the previous year, with all regions contributing to this growth. Around half of all demand for products was for warehousing equipment. Orders in Europe also rose noticeably in the reporting year, primarily driven by demand for warehousing equipment.

Germany, France, Italy and the United Kingdom were the largest markets in Western Europe, based on unit numbers. The largest market in Eastern Europe was Russia, followed by Poland and Czechia.

STATEMENT FROM THE BOARD OF MANAGEMENT AND TARGET ACHIEVEMENT

The Jungheinrich AG Board of Management is very satisfied with the course of business in the 2021 financial year. Despite ongoing restrictions in business activities and challenges posed to supply chains by the coronavirus pandemic, incoming orders and revenue rose more sharply than forecast in 2021 in the Jungheinrich Group. The forecast target ranges for incoming orders and revenue, which had already been corrected upwards during the year due to continuing strong demand for Jungheinrich products and services, were exceeded. The target ranges for EBIT and EBIT ROS and EBT and EBT ROS, which were also raised twice during the year, were achieved. A number of targets for sustainable, profitable growth were set in 2021, and it was the most successful year in the company's history.

Despite great uncertainty in supply chains, Jungheinrich forecast a clear increase in incoming orders, revenue, EBIT and EBIT ROS, and EBT and EBT ROS for 2021 with the publication of the 2020 annual report on 26 March 2021. The forecast was based on the expectation that the market for material handling equipment would develop well, especially in Europe. Due to the very strong incoming order position in the first quarter of 2021 and anticipated high demand for the rest of the year, we raised the forecast for 2021 and published this in an ad hoc announcement on 22 April 2021. In another ad hoc announcement on 25 October 2021, we raised the forecast ranges for incoming orders, EBIT, EBIT ROS, EBT, EBT ROS and ROCE once more due to ongoing solid demand and targeted, successful supply chain management which helped us largely avoid production standstills and keep cost increases lower thanks to efficiency measures and appropriate pricing measures.

The value of incoming orders rose to €4,868 million in the 2021 financial year. As a result of the sufficiently positive demand, particularly in Europe, into the fourth quarter of 2021,this figure was slightly above the forecast range (€4.6 billion to €4.8 billion). Group revenue came to €4,240 million, also slightly exceeding the forecast range (€4.0 billion to €4.2 billion).

EBIT climbed considerably in the 2021 financial year to €360 million, putting it in the upper half of the range aimed for (€340 million to €370 million). With higher overall capacity utilisation than in the previous year and further efficiency improvements, EBIT ROS also exceeded the prior-year figure considerably. It climbed to 8.5 per cent, coming in at the bottom of the forecast range (8.5 per cent to 8.8 per cent), which had already been raised several times during the year.

EBT of €349 million was at the upper end of the expected forecast range (€325 million to €355 million). The EBT ROS amounted to 8.2 per cent and was therefore within the anticipated range (8.1 per cent to 8.5 per cent).

Significantly higher demand led to a noticeable increase in trucks for short-term rental being added to fixed assets in 2021. Inventories were also enlarged in order to secure our ability to make deliveries into 2022 and mitigate the risks of delivery disruptions. Net credit thus stood at €222 million as at 31 December 2021, below the forecast figure (net credit significantly above €300 million).

Due to capital expenditure, additions of trucks for short-term rental to fixed assets and the increase in working capital resulting from inventory expansion, ROCE new (capital employed intralogistics, control parameter from 30 June 2021) came to 20.2 per cent, almost exactly in the middle of the forecast range (19 per cent to 22 per cent).

ROCE (control parameter used until 30 June 2021) was slightly above the prior-year figure at 19.8 per cent due to the significant increase in EBIT and a comparatively moderate rise in interest-bearing capital, but still below the anticipated range (20 per cent to 23 per cent).

TARGET-TO-ACTUAL COMPARISON

		Forecast			2021 actual
		March 2021[1]	April 2021[2]	October 2021[3]	
Incoming orders	in € billion	3.9 to 4.1	4.2 to 4.5	4.6 to 4.8	4.87
Revenue	in € billion	3.9 to 4.1	4.0 to 4.2		4.24
EBIT	in € million	260 to 310	300 to 350	340 to 370	360
EBIT ROS	in %	6.7 to 7.6	7.5 to 8.3	8.5 to 8.8	8.5
EBT	in € million	240 to 290	280 to 330	325 to 355	349
EBT ROS	in %	6.2 to 7.1	7.0 to 7.9	8.1 to 8.5	8.2
Net credit	in € million	significantly > 200	significantly > 300		222
EBIT return on capital employed Intralogistics (ROCE new)	in %	–	17 to 21	19 to 22	20.2
ROCE	in %	14 to 18	17 to 21	20 to 23	19.8

1 Annual Report 2020.
2 Ad hoc release from 22 April 2021 and interim report as of 30 June 2021.
3 Ad hoc release from 25 October 2021 and interim report as of 30 September 2021.

BUSINESS TREND AND EARNINGS POSITION

Solid rise in incoming orders reflects positive market development, especially in Europe
At 162 thousand units, incoming orders in the new truck business, based on units, which includes orders for both new forklifts and short-term rental trucks, rose by 46 per cent (previous year: 111 thousand trucks). The value of incoming orders, which covers the new truck business[1], short-term rental, used equipment and after-sales services business fields, also exceeded the previous year's figure at €4,868 million (€3,777 million) by a clear 29 per cent. The steep rise reflects the very positive market development, particularly in Europe.

Orders on hand in the new truck business amounted to €1,519 million as of 31 December 2021 (previous year: €821 million). The reasons for this very significant build-up were the strong demand for material handling equipment, the increase in project orders for automated systems and the partially restricted availability of production materials for further processing.

INCOMING ORDERS

in € million

Revenue growth held back by materials supply issues
Group revenue exceeded the previous year's figure (€3,809 million) by 11 per cent or €431 million and amounted to €4,240 million. As in the previous year, Europe accounted for 87 per cent of revenue. In Europe, revenue in Germany, France and the United Kingdom climbed in particular. Foreign revenue increased by 12 per cent to €3,226 million (previous year: €2,892 million). As in 2020, the foreign ratio stood at 76 per cent.

Revenue generated outside of Europe amounted to €556 million (previous year: €491 million). This corresponds to a 13 per cent increase and a Group revenue share of 13 per cent, as in the previous year.

REVENUE IN 2021 BY REGION

in € million	2021	2020	Change %
Germany	1,014	917	10.6
Western Europe	1,963	1,778	10.4
Eastern Europe	707	623	13.5
Other countries	556	491	13.2
Total	**4,240**	**3,809**	**11.3**

The main driver of the increase in Group revenue was the new truck business with revenue growth of €312 million. This growth in revenue in the new truck business was primarily caused by the higher demand and a corresponding significant increase in production volume of new trucks as well as solid growth in project orders for automated systems. Revenue in the short-term rental and used equipment business also increased and amounted to €639 million (previous year: €606 million). This development largely resulted from an increase in demand for trucks for short-term rental. After sales grew noticeably with revenue amounting to €1,190 million in the reporting period (previous year: €1,095 million). The after-sales services share of Group revenue amounted to 28 per cent (previous year: 29 per cent). Revenue in the financial service business remained roughly on a par with the previous year in the reporting year at €1,132 million (€1,121 million).

1 New truck business consists of material handling equipment, automated systems and warehouse equipment, stacker cranes and load handling equipment, factory and office equipment, energy solutions and digital products.

BREAKDOWN OF REVENUE

in € million	2021	2020	Change %
New truck business	2,422	2,110	14.8
Short-term rental and used equipment	639	606	5.4
After-sales services	1,190	1,095	8.7
"Intralogistics" segment	**4,251**	**3,811**	**11.5**
"Financial Services" segment	**1,132**	**1,121**	**1.0**
Reconciliation	–1,143	–1,123	1.8
Jungheinrich Group	**4,240**	**3,809**	**11.3**

Improvement in gross profit primarily result of higher plant capacity utilisation
Gross profit on sales increased by €176 million to €1,323 million (previous year: €1,147 million). This position primarily benefited in the reporting period from higher capacity utilisation at the plants in comparison with the previous year. Gross profit also included expenses for additions to provisions for battery disposal costs and warranty obligations in the medium double-digit million euro range, which reduced the improvement. The gross margin rose from 30.1 per cent in the same period of the previous year to 31.2 per cent.

COST STRUCTURE (STATEMENT OF PROFIT OR LOSS)

in € million	2021	2020	Change %
Cost of sales	2,916	2,662	9.5
Gross profit	1,323	1,147	15.3
Selling expenses	741	698	6.2
R&D costs	95	107	–11.2
General administrative expenses	136	121	12.4

The increase in selling expenses was disproportionately lower than revenue growth. This was partially the result of the lower increase in personnel expenses. The previous year also included impairment losses on acquired intangible assets in the amount of €17 million. Following 18.3 per cent in the previous year, selling expenses represented 17.5 per cent of Group revenue.

Research and development costs fell significantly by €12 million to €95 million in the reporting period (previous year: €107 million). A low level of impairment losses on capitalised development expenditure was recorded, whereas in the previous year impairment losses of €22 million were recorded.

Administrative expenses represented 3.2 per cent of Group revenue, remaining on a par with the prior-year figure (3.2 per cent). Expenses associated with strategic projects on ongoing process optimisation, efficiency optimisation and digitalisation projects also climbed significantly against the previous year.

Other operating expenses decreased noticeably from €15 million in the previous year to €2 million in the reporting year. This position did not include expenses from goodwill impairment, while expenses from goodwill impairment amounted to €10 million in the previous year.

EARNINGS BEFORE INTEREST AND TAXES

in € million

Exceptional increase in EBIT
At €360 million, EBIT exceeded the previous year's level (€218 million) by €142 million, or 65 per cent. At 8.5 per cent, EBIT ROS was also significantly above the previous year's level (5.7 per cent). With a considerably higher EBIT and a comparatively moderate increase in interest-bearing capital, ROCE came in clearly above the previous year's figure at 19.8 per cent (previous year: 13.5 per cent). ROCE new came to 20.2 per cent, primarily due to the high rise in EBIT (previous year: 10.8 per cent).

CALCULATING CAPITAL EMPLOYED AND ROCE NEW

in € million	2021	2020
Fixed assets (without trucks for short-term rental and trucks for lease)	1,001.7	918.3
+ trucks for short-term rental	362.9	288.9
+ working capital (inventories + trade accounts receivable and contract assets – trade accounts payable – contract liabilities)	794.7	706.1
./. Other provisions	–377.8	–302.4
= Capital employed in "Intralogistics" segment	1,781.4	1,611.0
Average capital employed in "Intralogistics" segment	1,644.2[1]	1,721.5[2]
EBIT in "Intralogistics" segment	332.7	185.4
ROCE new in %	20.2	10.8

Table contains rounding differences.
1 Calculation of average capital employed in 2021: the capital employed amounted to €1,622.8 million as at 30 September 2021, €1,604.6 million as at 30 June 2021 and €1,567.8 million as at 31 March 2021.
2 Calculation of average capital employed in 2020: the capital employed amounted to €1,664.1 million as at 30 September 2020, €1,803.8 million as at 30 June 2020 and €1,806.9 million as at 31 March 2020.

Financial income came to €–11 million (previous year: €–18 million). A significant increase in income from the evaluation securities and derivatives held in special funds was recorded in the reporting year, and interest expenses were reduced due to the lower utilisation of loans. This led to an even sharper increase in EBT than in EBIT, with EBT increasing 75 per cent against the previous year (€200 million) to €349 million. EBT return on sales amounted to 8.2 per cent (previous year: 5.3 per cent).

PROFIT OR LOSS

in € million

Income tax liabilities rose to €82 million as a result of the significant rise in EBT (previous year: €49 million). The Group tax rate amounted to 23 per cent following 25 per cent in the previous year. The lower tax rate in the reporting year was largely related to the use of tax loss carryforwards. Profit or loss rose to €267 million (previous year: €151 million), and the earnings per preferred share (based on share of earnings attributable to the shareholders of Jungheinrich AG) accordingly came to €2.62 (previous year: €1.49).

Dividend rises to a historic high

The Jungheinrich AG Board of Management will propose a dividend of €0.66 (previous year: €0.41) per ordinary share and €0.68 (previous year: €0.43) per preferred share at the Annual General Meeting on 10 May 2022. This equates to an increase of 61 per cent and 58 per cent compared with the previous year and means that the dividend will also rise to a historic high. This dividend proposal will result in a total payout of €68 million (previous year: €43 million). The payment ratio of 26 per cent (previous year: 28 per cent) is in the company's target range of paying between 25 per cent and 30 per cent of profit to shareholders. Jungheinrich follows a policy of consistent dividend payments.

FINANCIAL AND ASSET POSITION

Principles and targets of financial management

The parent company, Jungheinrich AG, is responsible for the Group's financial management. It ensures that sufficient financial resources are available to cover strategic and operational financial requirements.

The Group treasury is primarily responsible for cash and currency management. It aims to provide Group companies with financial resources at the best interest and currency conditions, and to control cash flows. All financing possibilities provided by international money and capital markets are exploited in order to procure the short, medium and long-term financial resources that are required.

Ensuring that the Group has sufficient liquidity reserves is particularly important so that the Group is able, even in economically difficult times, to implement all necessary strategic measures and guarantee financial independence.

The Group takes a conservative approach to investing in order to ensure sufficient liquidity. The objective is not to maximise profit, but – considering current conditions in the international money and capital markets – to preserve assets.

A central working capital management system is in place to strengthen internal financing that stipulates the optimisation and standardisation of material processes and systems.

Capital requirements are covered through operating cash flows and short and long-term financing. As of 31 December 2021, the medium-term credit agreements in place amounted to €300 million. These were supplemented by short-term credit lines of €177 million. They largely comprise the bilateral credit lines of individual foreign subsidiaries. Both the medium-term credit agreements and short-term credit lines were only used to a small extent. In addition, separate guarantee facilities and credit lines are available for financing the short-term rental fleet. Following the repayment of tranches in the total amount of €127 million, promissory notes amounting to €73 million remain. Credit or promissory note agreements do not contain financial covenants. Jungheinrich maintains a solid liquidity reserve.

Strong financial position and capital structure

At €754 million at the end of 2021, cash and cash equivalents and securities were €227 million below the prior-year figure (€981 million). A considerable amount of cash and cash equivalents were used to repay medium- and long-term loans and promissory notes. As of 31 December 2021, net credit therefore stood at €222 million (previous year: €194 million). The slight increase of €28 million was due firstly to an increase in cash flows from profit or loss plus depreciation, amortisation and impairment losses, and secondly the additions to working capital and the short-term rental fleet.

SHAREHOLDERS' EQUITY

EQUITY RATIO

CAPITAL STRUCTURE

in € million	31/12/2021	31/12/2020	Change %
Shareholders' equity	**1,803**	**1,546**	**16.6**
Non-current liabilities	**1,982**	**2,181**	**–9.1**
Provisions for pensions and similar obligations	228	240	–5.0
Financial liabilities	282	510	–44.7
Liabilities from financial services	1,344	1,299	3.5
Other liabilities	128	132	–3.0
Current liabilities	**1,985**	**1,684**	**17.9**
Other provisions	287	244	17.6
Financial liabilities	250	277	–9.7
Liabilities from financial services	552	504	9.5
Trade accounts payable	533	384	38.8
Other liabilities	363	275	32.0
Balance sheet total	**5,769**	**5,411**	**6.6**

Profit or loss was the main influencing factor in the €257 million higher shareholders' equity in the reporting period. The dividend payment of €43 million (previous year: €48 million) was offset by income outside of profit or loss from currency translation and the measurement of pension obligations. The equity ratio thus rose slightly to 31 per cent (previous year: 29 per cent). Adjusted for all effects from the "Financial Services" segment, the shareholder's equity for "Intralogistics" amounted to 48 per cent (previous year: 45 per cent).

Provisions for pensions and similar obligations declined to €228 million (previous year: €240 million), largely due to the remeasurement of pension obligations in Germany and Switzerland. The Group's non-current and current financial liabilities decreased by €255 million to €532 million (previous year: €787 million), largely as a result of the repayment of medium- and long-term loans and promissory notes and financing for short-term rental fleets in individual European countries. Non-current and current liabilities from financial services of €1,896 million were up by €93 million on the 31 December 2020 figure (€1,803 million) due to of the increase in new contracts.

Other current provisions increased by €43 million to €287 million compared to the previous year (€244 million). The increase resulted primarily from the rise in provisions for warranty obligations and personnel. Trade accounts payable rose noticeably due partly to the expansion of measures to hedge risks in material orders to €533 million (previous year: €384 million). Other current and non-current liabilities decreased by €84 million to €491 million, primarily due to the considerably higher volume of payments received on account of orders (previous year: €407 million).

STATEMENT OF CASH FLOWS[1]

in € million	2021	2020
Profit or loss	267	151
Depreciation, amortisation and impairment losses	377	433
Changes in trucks for short-term rental and trucks for lease (excluding depreciation) and receivables from financial services	–351	–254
Changes in liabilities from financing trucks for short-term rental and financial services	38	52
Changes in working capital	–81	110
Other changes	1	59
Cash flows from operating activities	**251**	**551**
Cash flows from investing activities[2]	**–163**	**–102**
Cash flows from financing activities	**–322**	**–57**
Net cash changes in cash and cash equivalents[2]	**–234**	**392**

1 Exchange rate effects were eliminated in the cash flow statement. The changes in balance sheet items shown there cannot therefore be reproduced in the statement of financial position.
2 Excluding the balance of payments for the purchase/proceeds from the sale of securities and payments for time deposits and proceeds from time deposits totalling €48 million (previous year: €–124 million).

Cash flow from operating activities reflects necessary increase in working capital

Cash flow from operating activities reached €251 million for the reporting year, a decrease of €300 million, a significant drop compared with the previous year (€551 million). This decrease was due to the increase in working capital as a result of the build-up of inventories. Cash flow from operating activities contained an additional negative impact of €191 million compared with the previous year as a result. Cash flow was also down by €111 million due to the higher outflows for the addition to trucks for short-term rental and trucks for lease and the development of receivables from financial services and the underlying financing. The €60 million increase in cash flows from profit or loss plus depreciation, amortisation and impairment losses in comparison with the previous year was almost offset in the same amount by lower effects from other changes.

Cash flow from investing activities was adjusted in the statement of cash flows shown above compared to the consolidated financial statements for the payments towards the purchase of and proceeds from the sale of securities and payments for time deposits and proceeds from time deposits totalling €48 million (previous year: €–124 million) that are included in this item. The resulting cash flow from investing activities of €–163 million in the reporting period was €61 million higher than in the same period of the previous year (€–102 million) primarily due to the acquisition of shares in arculus.

Cash flow from financing activities based significantly on loan repayments

Cash flow from financing activities of €–322 million in the reporting year declined significantly by €265 million compared to the previous year (€–57 million). This was due firstly to the repayment of medium- and long-term loans and promissory notes in the amount of €207 million. Secondly, cash flow in the previous year was impacted by an additional long-term loan amounting to €50 million.

Growth-related increase in non-current and current assets

Largely due to the acquisition of arculus, the carrying amounts for intangible assets and property, plant and equipment rose by €78 million from €844 million in the previous year to €922 million as at the balance sheet date.

BALANCE SHEET TOTAL

in € million

ASSET STRUCTURE

in € million	31/12/2021	31/12/2020	Change %
Non-current assets	**3,079**	**2,858**	**7.7**
Intangible assets and property, plant and equipment	922	844	9.2
Trucks for short-term rental and trucks for lease	863	805	7.2
Receivables from financial services	1,036	986	5.1
Other assets (including financial assets)	224	192	16.7
Securities	34	31	9.7
Current assets	**2,690**	**2,553**	**5.4**
Inventories	764	537	42.3
Trade accounts receivable	755	672	12.4
Receivables from financial services	371	341	8.8
Other assets	80	53	50.9
Cash and cash equivalents and securities	720	950	–24.2
Balance sheet total	**5,769**	**5,411**	**6.6**

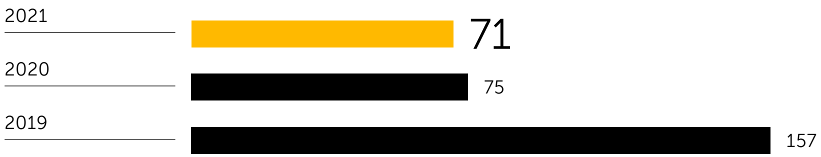
Due to the increase in the number of trucks, the carrying amounts for trucks for short-term rental and trucks for lease increased by €58 million to €863 million (previous year: €805 million). The carrying amounts for trucks for short-term rental amounted to €363 million as at the balance sheet date, following €289 million in the previous year. Trucks for lease from financial services decreased from €516 million in the previous year to €500 million in the year under review. In contrast, non-current and current receivables from financial services were up €80 million on the previous year (€1,327 million) at €1,407 million.

Inventories were up noticeably by €227 million to €764 million (previous year: €537 million) due to an increase in orders to secure deliveries and the increase in inventories for project business. Current trade accounts receivable were up €83 million against the previous year at €755 million due to the larger volume of invoices in the last two months of the reporting period (previous year: €672 million). The increase of €27 million in other current assets from €53 million in the previous year to €80 million in the reporting year was primarily due to an increase in VAT credits and to receivables from suppliers whose increased expenses for electronic components, based on price increases, were assumed as at the balance sheet date. The decrease of €230 million in cash and cash equivalents and current securities as at the balance sheet date to €720 million (previous year: €950 million) was mostly related to the repayment of medium- and long-term loans and promissory notes.

Capital expenditure remains on par with previous year's level
As a result of the ongoing restrained investments in expansion and replacements, the Group's capital expenditure remained on a par with the previous year at €71 million. As at the balance sheet date, investment commitments for property, plant and equipment alone amounted to €16 million. All capital expenditure was financed with the company's own resources.

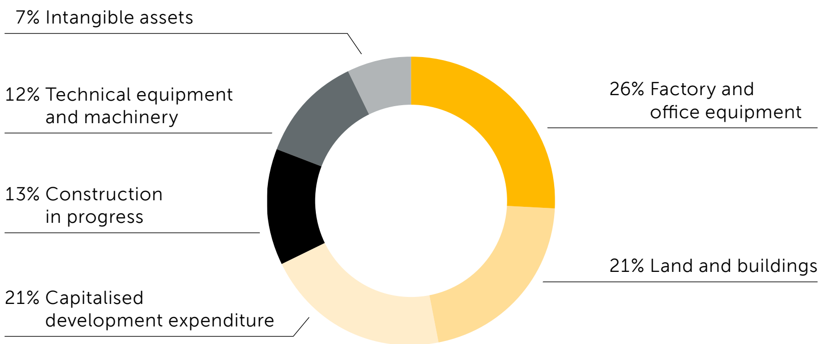
CAPITAL EXPENDITURE[1]

in € million



1 Property, plant and equipment and intangible assets excluding capitalised development expenditure and right-of-use assets.

DISTRIBUTION OF CAPITAL EXPENDITURE IN 2021[2]



2 Property, plant and equipment and intangible assets excluding right-of-use assets.

FINANCIAL SERVICES

Financial services business secures long-term customer loyalty
All of the company's financial services activities are pooled in the "Financial Services" segment. This segment provides individual transfer of use and sales financing to promote the sale of trucks. The financial service agreements offered are always combined with full service or maintenance agreements. This business model's objective is to provide customer service for the entire duration of a truck's use and achieve long-term customer loyalty.

All risks and opportunities that result from the financial service agreements are assigned to the operating sales units of the "Intralogistics" segment, with the exception of customer receivable default risks and refinancing risks.

Jungheinrich is represented by its own financial services companies in eight countries: Germany, Italy, France, the UK, Spain, the Netherlands, Austria and Australia.

The "Financial Services" segment's uniform structural and procedural organisation throughout the Group enables a financing structure with powerful domestic and foreign banks. The refinancing company Elbe River Capital S.A., Luxembourg, also enables us to take advantage of refinancing through the capital market. The volume placed through this financing platform amounted to €332 million as of 31 December 2021 (previous year: €338 million).

KEY FIGURES FOR FINANCIAL SERVICES

in € million	31/12/2021	31/12/2020	Change %
Original value of new contracts[1]	777	755	2.9
Original value of contracts on hand	3,563	3,335	6.8
Trucks for lease from financial services	643	641	0.3
Receivables from financial services	1,420	1,327	7.0
Shareholders' equity	94	73	28.8
Liabilities	2,291	2,214	3.5
Revenue[1]	1,132	1,121	1.0
EBIT[1]	18	9	100.0

1 1 January–31 December

ABOUT JUNGHEINRICH
TO OUR SHAREHOLDERS
COMBINED MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS
ADDITIONAL INFORMATION

In addition to the SAP standard software used by the financial services business to record and balance lease agreements, there is a software solution that uses a database (Global Lease Center) for smaller sales units.

Refinancing with matching terms and interest rates

Jungheinrich companies conclude financial service agreements either directly with customers or indirectly via leasing companies or banks (also known as vendor contracts). Agreements concluded directly with customers are reported as operating leases or finance leases pursuant to IFRS accounting regulations. These long-term customer agreements are refinanced with matching terms and interest rates and are reported under liabilities from financial services. Payments from customer agreements cover at least the refinancing payments to credit institutes for the transactions. For vendor agreements, deferred revenue stemming from sales proceeds already generated with an intermediate leasing company are stated under deferred income.

Revenue from financial services stable at over €1 billion

New long-term financial service agreements rose by €22 million in 2021 (previous year: decrease of €143 million). The best-performing region is the United Kingdom with a 26 per cent increase in new agreements. 68 per cent of the increase in agreements was attributable to the eight countries with Jungheinrich financial services companies (previous year: 66 per cent).

At the end of 2021, existing agreements totalled 207 thousand units, which is 5 per cent more than the previous year (197 thousand trucks). This represents an original value of €3,563 million (previous year: €3,335 million).

Relative to the number of new trucks sold, 40 per cent was sold via financial service agreements (previous year: 40 per cent). The lease rate was different in each of the countries. For example, Jungheinrich recorded lease rates of over 60 per cent for new trucks in England, Norway, Sweden, Brazil and Chile.

Revenue in the "Financial Services" segment increased by 1 per cent to €1,132 million (previous year: €1,121 million), remaining above the €1 billion mark.

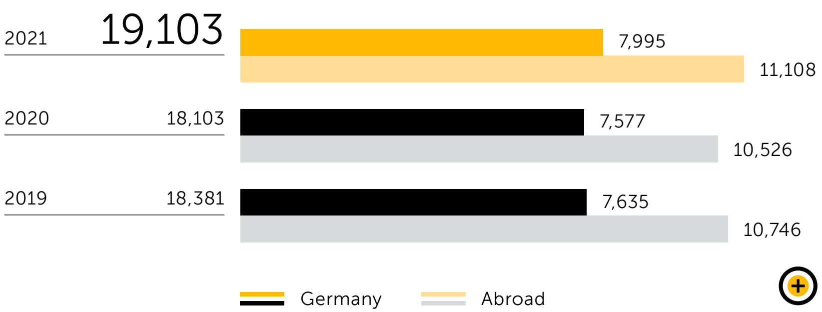
EMPLOYEES

Number of employees climbs to more than 19,000 around the world due to growth

The good economic developments in Jungheinrich's sales markets and the consistent implementation of Strategy 2025+ and the growth that this has led to has resulted in an increase in the global workforce by a total of 1,000 people. This figure includes 76 employees who joined us with the takeover of arculus. As of 31 December 2021, the Group had 19,103 (previous year: 18,103) employees (measured in full-time equivalents). Part-time employees were taken into account according to their hours.

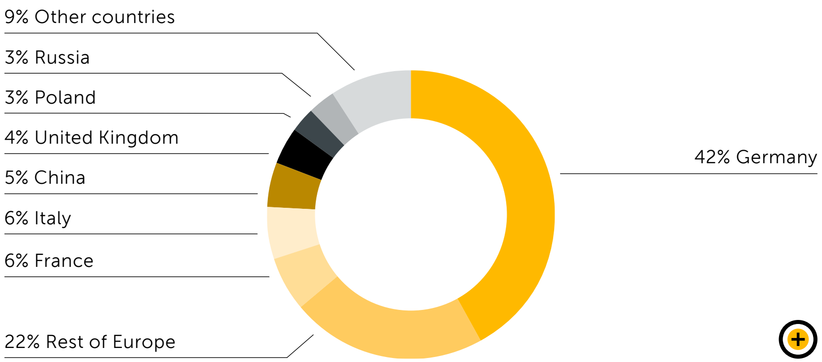
EMPLOYEES

in FTE; always on 31/12



EMPLOYEES BY REGION

As of 31/12/2021



in FTE	2021	2020	Change %
Germany	7,995	7,577	5.5
France	1,204	1,213	–0.7
Italy	1,099	1,071	2.6
United Kingdom	781	762	2.5
Poland	597	565	5.7
Russia	576	524	9.9
Rest of Europe	4,271	4,057	5.3
China	877	809	8.4
Other countries	1,703	1,525	11.7
Total	**19,103**	**18,103**	**5.5**

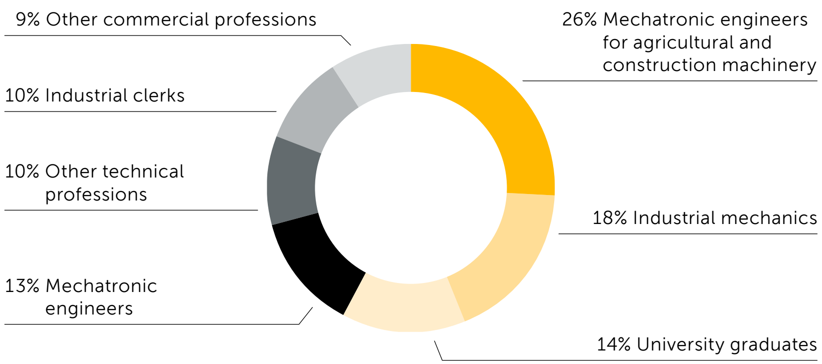
In order to be able to react more flexibly to workload fluctuation, temporary workers are employed alongside the permanent workforce in production plants. In light of the increase in production in the year under review, the number of temporary workers also increased on average throughout the year to 443 (previous year: 251). As of 31 December 2021, the Group employed 606 (previous year: 324) temporary workers.

As a result of the higher volume of business in 2021, the after-sales service was also expanded. In total, 42 per cent of the workforce, or 8,081 employees, were employed in this area as at the reporting date (previous year: 7,854). Of this figure, 5,707 were after-sales service technicians located around the world (previous year: 5,524).

Jungheinrich offers 24 different apprenticeships
As of 31 December 2021, the Group employed 509 (previous year: 490) trainees and apprentices of which 354 (previous year: 351) were based in Germany. The Jungheinrich Group offers 24 different apprenticeships in Germany, and dual study courses in cooperation with universities. The number of trainees and apprentices on dual study courses was 14 per cent in 2021 – based on the number of trainees and apprentices in Germany (previous year: 16 per cent).

APPRENTICEABLE PROFESSIONS[1]

As of 31/12/2021



1 Basis: 354 apprentices in Germany.

LEGAL DISCLOSURE

CORPORATE GOVERNANCE STATEMENT PURSUANT TO SECTIONS 289f AND 315d OF THE GERMAN COMMERCIAL CODE (HGB)

Pursuant to Sections 289f and 315d of the HGB, as a listed stock corporation, Jungheinrich AG is obligated to issue a Corporate Governance Statement for the Group. This statement has been published on the company's website [www.jungheinrich.com/en/investor-relations/corporate-governance].

COMBINED SEPARATE NON-FINANCIAL REPORT IN ACCORDANCE WITH THE CSR DIRECTIVE IMPLEMENTATION ACT

In accordance with the CSR Directive Implementation Act, which aims to regulate non-financial corporate reporting, the Jungheinrich Group and Jungheinrich AG are obliged to report on non-financial aspects, including at least environmental, employee and social aspects, along with respect for human rights and combating corruption and bribery.

The Jungheinrich Group and Jungheinrich AG fulfil this obligation in the form of a combined separate non-financial report in accordance with Sections 289b Paragraph 3 and 315b Paragraph 3 of the German Commercial Code. This report is published as a separate chapter in the annual report. The annual report is published on the company's website [www.jungheinrich.com/en/investor-relations/reports-publications].

RISK AND OPPORTUNITY REPORT

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM FOR THE GROUP ACCOUNTING PROCESS

The Jungheinrich Group's internal control system and risk management system encompass principles, methods and measures for ensuring the effectiveness of management decisions, the economic viability of business activities and the correctness of accounting, in addition to ensuring compliance with applicable statutory regulations and in-house policies.

The following describes the key features of the internal control and risk management system with respect to the Jungheinrich Group accounting process:

- The Jungheinrich Group has a diverse organisational and corporate structure that ensures appropriate performance checks.
- The holistic analysis and management of earnings-critical risk factors and risks jeopardising the company's existence are handled by Group-wide governance, budgeting and controlling processes as well as a risk management and early risk detection system, which will be described below.
- The functions of all Group accounting process departments (e.g. Corporate Accounting, Corporate Controlling and Group Treasury) are clearly assigned.
- IT systems employed in Corporate Accounting are protected from unauthorised access and are largely off-the-shelf software (primarily SAP systems).
- The Jungheinrich Group has guidelines in place determining accountabilities, work-flow and controls for all material processes. All employees can access these guidelines on the intranet.
- A comprehensive Group accounting manual regulates the Group accounting process of the individual companies and consolidation at Group level, ensuring that business transactions are accounted for, measured and uniformly reported throughout the Group. The manual is updated regularly and made available to the areas involved in the Group accounting process. Regular sample inspections and plausibility checks are performed both decentrally and centrally to verify the Group accounting data's completeness and correctness. This is done either manually or using software.
- Material processes of relevance to accounting are subject to regular reviews. The establishment of the early risk detection system is examined as part of the statutory annual audit of the annual financial statements and consolidated financial statements. Findings derived from this audit are taken into account when considering the continual improvement of the Group-wide, Jungheinrich-specific system. The Corporate Compliance and Audit & Data Protection division reviews the effectiveness of the accounting-related internal controls.
- The Supervisory Board or its Finance and Audit Committee is responsible for, among other issues, dealing with material issues pertaining to Group accounting and risk management, compliance and the audit assignments and focal points of audits conducted by the independent auditors and the Corporate Compliance, Audit & Data Protection division.

RISK AND OPPORTUNITY REPORT

The early identification of risks and opportunities and the steps to be taken in response are an important element of corporate governance at Jungheinrich. The basic principles and courses of action are defined as part of the risk management system in a Group guideline and a risk management manual, which are continually checked and developed further. The risk management system was comprehensively expanded in the 2021 financial year, including its established responsibilities, methods, processes and new risk management software. There will therefore be no comparison with previous years in this reporting year.

Objectives of risk management system and risk culture
Risks and opportunities are a fundamental component of all business activities. In a complex, global market in particular there are a number of external as well as internal influences on Jungheinrich's business activities. The objective of the

company's risk management system is to recognise and evaluate the risks as well as the opportunities arising from these influences so that adequate control measures can be initiated. Another aim – in addition to creating transparency on risks and opportunities – is actively promoting a corporate culture with a consistent understanding of risks and opportunities throughout the Group.

Risks and opportunities include all future developments or events that could lead to a negative (risk) or positive (opportunity) deviation from targets. The Jungheinrich risk management system is based on the points of the auditing standard 981 of the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW) and it is integrated into a binding Group-wide guideline that is available to all employees.

Risk management system organisation and processes
The Jungheinrich Board of Management is responsible for the development and maintenance of an effective risk management system. Group risk management, a unit assigned to Corporate Controlling, defines and develops risk management methods and processes on an ongoing basis and is also responsible for Group-wide quality assurance, coordination and analyses. All those involved with risk management processes continually receive training in the form of courses, at information events and through communication initiatives about risk management requirements, methods and news. The risk management system covers the length of the organisational structure at the Jungheinrich Group including decentral functions and areas, and is coordinated centrally by Group risk management.

Identification
The managers of the central and decentral organisational units are responsible for identifying, evaluating and managing risks and opportunities. In addition to identifying risks and opportunities at regular management meetings, the risk managers perform a comprehensive inventory of risks and opportunities three times a year during the planning and projection processes. The risks and opportunities identified are assigned to predetermined risk areas that are based on the business environment and Jungheinrich's corporate targets.

Evaluation and management
Risks and opportunities are evaluated based on planned business development or the current projection. In addition to the current financial year, the period under consideration for evaluating the risks and opportunities includes the two following financial years. The likelihood of occurrence and the financial impact of the corporate risk on Group EBIT or the profit or loss for risks with a direct impact on the financial result or income taxes is estimated using standardised methods for each of the years considered. The financial impact is considered both before (gross) and after (net) any management measures. Management measures are systematically documented and monitored. Qualitative impacts on reputation, compliance, corporate strategy and operations are also recorded.

Analysing risks
Both Corporate Controlling and risk area managers perform a multi-stage quality assurance process for the risks and opportunities reported over all organisational units. This allows the plausibility of the reported risks to be checked and any redundancies or interdependencies to be identified. Finally, the reported risks and opportunities are analysed by the corporate risk manager for impacts on the Group. Aggregating all substantial risks and opportunities through a stochastic simulation process allows potential impacts on earnings and Group-wide developments, and any interdependencies, to be identified early on. The key figure value at risk (VaR)[1] is determined for the entire risk portfolio with a confidence level of 99 per cent.

Monitoring the Group's risk bearing capacity
To evaluate Jungheinrich's ability to bear risks, all risks identified are checked against the risk-bearing capacity, which takes into account both shareholders' equity and cash and cash equivalents. Other early warning indicators serve to continually monitor risk-bearing capacity and early risk detection.

Communication
The findings of risk analyses are reported in the Group Risk Committee, which is attended by the Board of Management. This includes statements on the ability to bear risks, substantial risks and opportunities and potential management measures. Ad hoc reporting is also used to inform risk management and the Board of Management of all likely and very likely risks and opportunities that would have a moderate impact or higher.

1 The value-at-risk indicates the maximum value that may not be exceeded within a predetermined period with a certain probability (confidence level).

Monitoring effectiveness

The risk and opportunity situation is an integral part of the planning and projections reported to the Supervisory Board by the Board of Management. The Supervisory Board monitors the efficacy of the risk management system and whether risks and opportunities are handled appropriately. The Corporate Compliance Audit & Data Protection department, as an independent authority, is tasked with checking that the risk management system functions and is effective.

Overall assessment of risks and opportunities

There were no risks identified in the reporting period that could jeopardise the Jungheinrich Group's continued existence. The coronavirus pandemic again had a clear impact on the Jungheinrich Group's overall risk situation in 2021. Supply shortages and delays originating on the procurement side, along with increases in the cost of materials are central risks that can impact production stability through the value chain and delivery times to customers.

There is no reason to assume that the acute supply and price risks in the electronics, steel and plastic industries will decline in the foreseeable future. Shortages of electronic components, such as chips and semiconductors in particular look set to become worse, which means this situation will likely not improve before 2023.

Jungheinrich created a central crisis team and established additional local crisis teams in its organisational units and factories in order to identify upcoming risks at an early stage and keep the impact of these risks as minimal as possible through timely, appropriate and coordinated measures. The managing directors in the areas particularly affected by the coronavirus pandemic work in close communication with the respective authorities and implement the measures. In particular, precautionary measures to minimise the impact of the pandemic on supply chains and production are taken. The focus is on protecting employees, customers and business partners.

Because Jungheinrich generates a large proportion of its revenue in Europe, cyclical fluctuations pose risks to business development. Economic developments are continually observed and analysed based on regular market analyses for material handling equipment, the competitive environment and capital markets, especially regarding fluctuations in exchange rates and interest rates. The objective is to discover information that could be relevant to future order development. Production plans are continually adapted to incoming orders in order to achieve the best-possible production capacity utilisation. Jungheinrich counters the risk of a downturn in business by continually enhancing the Group's product portfolio, expanding the scope of services, further intensifying marketing and sales, offering attractive financing solutions and implementing efficiency measures.

Cyber attacks are increasingly posing risks that are mitigated through security precautions, particularly the continual and targeted expansion of the information technology security management system.

Risk and opportunity situation

The table below gives an overview of the substantial risks and opportunities and their potential impact on the Jungheinrich Group for the next two financial years. The net impacts of risks and opportunities are presented separately and not offset against each other. Risks and opportunities are aggregated in risk areas at Jungheinrich, with risks classified according to their negative impact on the result based on VaR 99 per cent (loss value) and opportunities according to their positive impact on the result based on VaR 20 per cent (gain value).

Risks and opportunities are divided into the following impact classes based on net impact:

Very low	≤ €0.5 million
Low	> €0.5 million to ≤ €2 million
Moderate	> €2 million to ≤ €10 million
High	> €10 million to ≤ €20 million
Very high	> €20 million

The impact of the individual risks or opportunities are assigned to impact classes based on maximum value.

The description of the probability of occurrence for individual risks and opportunities is based on the following classes:

Improbable	≤ 25 per cent
Possible	> 25 per cent to ≤ 50 per cent
Probable	> 50 per cent to ≤ 75 per cent
Highly probable	> 75 per cent to 100 per cent

RISK AREAS OF JUNGHEINRICH GROUP

	Net risk/net opportunity (aggregated)				
	Very low ≤ €0.5 million	Low > €0.5 million to ≤ €2 million	Moderate > €2 million to ≤ €10 million	High > €10 million to ≤ €20 million	Very high > €20 million
Operational risks and opportunities					
After-sales	Opportunity		Risk		
Procurement		Opportunity			Risk
Digital products		Opportunity	Risk		
Research and development	Opportunity		Risk		
Information technology	Opportunity			Risk	
Production	Opportunity			Risk	
Product quality and safety		Risk	Opportunity		
Project business	Opportunity		Risk		
Revenue and sales			Opportunity	Risk	
Customs	Opportunity	Risk			
Sustainability risks and opportunities					
Extreme events	Opportunity	Risk			
Climate change and environmental protection	Risk, Opportunity				
Personnel and social		Opportunity	Risk		
Financial risks and opportunities					
Financial services	Opportunity		Risk		
Foreign currency		Opportunity	Risk		
Debt defaults	Risk, Opportunity				
Financing and capital investment		Opportunity	Risk		
Taxes		Risk, Opportunity			
Legal and compliance risks and opportunities					
Compliance and data protection	Risk, Opportunity				
Legal	Risk, Opportunity				

Risk (VaR 99%) ■ Opportunity (VaR 20%) ■

The risk areas are described in the following section. Material individual risks and opportunities with moderate net impacts or higher in each risk area are described.

Operational risks and opportunities

After-sales

The risk area after-sales consists of risks and opportunities that could occur as part of our work with customers during the product life cycle. Jungheinrich classes all after-sales risks as moderate.

There is a fundamental risk of potential supplier failures or delays due to material availability in spare parts operations, particularly in the semiconductor segment. This risk is even more pronounced in the case of warranty claims, where we could incur costs from the customer. There is also a risk that material costs will rise further and these costs cannot be passed on to the customer. In order to avoid supplier risks in spare parts operations, despite the tense conditions on the market, task force meetings monitor the risk on a daily basis. Materials are also stockpiled to ensure that materials are available despite any volatility. The probability of occurrence for the individual risks is deemed possible, while the impact is deemed low.

Procurement

Risks and opportunities in the field of procurement include both fluctuations in the cost of materials as well as disruptions in the supply chain. Overall, procurement risks are classified as very high, while the corresponding opportunities are aggregated and classified as low.

General deterioration of the already-tense market situation and trade restrictions, such as those on the Chinese market, a general lack of capacities on the market and potential supply chain disruptions due to production and logistics restrictions caused by the coronavirus pandemic as well as insolvencies, can result in materials shortages and a collapse in supply. The probability of occurrence is deemed possible. In pessimistic scenarios, the impacts could be very high and lead to production downtimes and higher material costs or require services.

To take preventive action against supply chain disruptions, Jungheinrich relies on control systems as part of its consistent supplier management system to monitor and analyse the financial health of the suppliers, the stability of the supply chains and transport routes. A task force also analyses developments in the supply chains on a daily basis in order to react early to prevent possible materials shortages and developments in materials supply to guarantee the stability of the global supply chains. Supply reach is also continually determined and alternative sources and products are introduced.

The price of raw materials on the global market remains volatile, resulting in uncertainties when planning material costs. Fluctuations in the procurement of production materials for various areas are considered possible and could be high at the individual risk level on both the risk and opportunity side.

Procurement uncertainties are especially noticeable when it comes to electronic components. Fluctuations in planned costs are classified as probable and range from very low to very high on the risk side. In contrast, opportunities, which result from the point in time at which the electronics components are used, are deemed to be moderate in individual cases.

Digital products

Jungheinrich develops and distributes digital products, such as the warehouse management systems (WMS), steering software for conveyor systems and other digital solutions for material handling equipment. Jungheinrich operates a cloud-based fleet management system to connect the material handling equipment. Risks from digital products are classified as moderate.

To safeguard information security in the digital solutions, the majority of end customer software was certified to ISO/IEC 27001 standard in the current financial year. Development of end customer products is based on a Group-wide standardised software product development process with the aim of ensuring consistently high-quality software.

Jungheinrich is also working continually on the strategic expansion of its digital products. This includes the ongoing expansion of expertise in the field, which is accompanied by the Group's central functions.

Research and development

The research and development risk area covers both risks and opportunities from development projects and results. Overall, risks from research and development are classified as moderate.

There is a fundamental risk arising from patent disputes. Innovations from research and development work are therefore protected by patents. Observance is monitored systematically and centrally and legal steps are taken whenever necessary. Individual risks from patent violations could have a moderate impact, but this is deemed to be improbable.

Information technology

Risks in the field of information technology cover the general stability of the information infrastructure and specifically include possible risks to information security and resilience of the IT systems to cyber attacks. Overall, information technology risks are classified as high.

The potential impact of the Group-wide risk of cyber attacks can be far-reaching if availability is affected, or confidentiality is breached or the integrity of information and IT systems is threatened due to security violations. Information technology systems are constantly reviewed and refined in order to limit IT risks and ensure that business processes are carried out securely, reliably and efficiently. Besides its effective IT emergency management system, Jungheinrich uses industry standards, redundant network connections and a mirror computing centre with a view to reducing failures of application-critical systems and infrastructure components. Jungheinrich mitigates the risk of unauthorised access to corporate data and of tampering with or sabotaging IT systems with Group-wide information security standards, the use of modern backup systems and regular reviews of the protective measures' effectiveness. The Group's information security management system uses the international ISO/IEC 27001 standard as a reference. The above-mentioned measures are supported effectively by modern IT monitoring and analysis systems and constantly monitored and developed by a dedicated team focussed on IT security. The probability of damage occurring is classed as improbable due to the comprehensive measures to mitigate the risk. The range of potential impacts is very large, however, ranging from very low in the best-case scenario to very high in extreme situations.

Production
Risks and opportunities in production relate to deviations in the product manufacturing process, such as a deviation from the capacity utilisation of production machinery or the planned production volume. Overall, the impacts of production risks are deemed high.

The stability of production is largely dependent on supply chains. Risks in the supply chain, such as the availability of raw materials, possible cyber attacks or supplier insolvency all constitute risks to product manufacturing processes. A task force therefore analyses developments in supply chains on a daily basis in order to be able to initiate countermeasures early on. This significantly reduces the probability of production downtimes, but does not completely eliminate it. The range of potential impacts of production downtime and the resulting reduction in units produced is very large, ranging from very low in the best-case scenario to very high in extreme situations.

Product quality and safety
Product quality and safety risks cover risks and opportunities from expected deviations in product quality and the associated obligations. Overall, risks from product quality and safety are classified as low. The opportunities on the other hand are considered to be moderate.

Product quality obligations are associated with warranties and guarantees as well as additional expenses for goodwill gestures. The obligations also include adhering to applicable standards. In order to manage risks, product management observes individual cases closely and uses these to find opportunities to minimise risks, for instance through insurance policies, technical analyses and legal action. In individual cases this can also lead to opportunities.

Project business
In relation to customer project business, risks and opportunities especially revolve around staying within budget, sticking to schedule and to the agreed product specifications. Overall, project business risks are classed as moderate.

For complex, wide-ranging, international projects in particular, there may be some deviation from the project targets or promised product specifications, which in turn can lead to additional expenses for corrections or any compensation payments from breaches of contact. Jungheinrich counters this risk through targeted project risk management, which aims to recognise, manage and systematically monitor project risks at an early stage. Nevertheless, project risks remain possible and impacts range from very low to moderate.

Revenue and sales
The risk area revenue and sales consists of risks and opportunities from the sale and rental of Jungheinrich trucks. Overall, revenue and sales risks are deemed to be high, while opportunities are considered to be moderate.

The concentration process that has been observed for several years now and the sharp increase in transparency on the demand side makes it more difficult to pass procurement costs on to the end customer. For this reason, Jungheinrich has established a project team and a monthly reporting schedule to analyse and act on opportunities to optimise price adjustments. The product and service offers are also continually checked against the market and individual, custom-made customer solutions are added. This improves market penetration and customer loyalty. However, uncertainties remain regarding to what extent price increases are feasible in the market. Fluctuations in the planned value are classed as probable and could be associated with high impacts for risks and opportunities.

Customs
The customs risk area includes risks and opportunities that could arise in relation to customs tariffs for goods. Customs risks are closely monitored by Jungheinrich and classed as low.

Sustainability risks and opportunities

Extreme events
Risks resulting from extreme events relate to unusual (natural) events, such as the coronavirus pandemic and its consequences. The severity can lead to strategic risks and opportunities that would impact all areas of the company. Risks and opportunities related to extreme events are therefore regularly discussed and monitored. Currently, however, the risk is deemed low.

Climate change and environmental protection

One of the ways in which Jungheinrich supports climate and environmental protection is by pursuing the aim of achieving climate neutrality in its value chain. Overall, risks are classed as very low.

Risks arise from the increase in climate and environmental protection regulations. Not achieving these targets could damage Jungheinrich's reputation and influence strategic targets, operating business processes and adherence to regulatory requirements. Jungheinrich considers itself to be well positioned to continue making important contributions to protecting the environment and the climate.

Further information can be found in the combined separate non-financial report in accordance with the CSR Directive Implementation Act [page 12 ff.].

Personnel and social

The personnel and social risk area includes risks and opportunities that have a direct impact on the availability, quality, occupational safety and cost of personnel. Overall, personnel and social risks are classified as moderate.

Personnel risks may arise if a company fails to recruit or retain qualified employees in sufficient numbers. This can impact the achievement of strategic and operational targets. In order to recruit young talents in the areas of IT and engineering, both of which are vital to Jungheinrich, the company maintains good contacts with universities through university marketing. Jungheinrich responds to the fierce competition for skilled labour and executives and mitigates the associated risk of a loss of know-how caused by staff turnover by offering attractive qualification options and a performance-based remuneration system. A high number of trainee positions will be maintained or even expanded Group-wide in order to ensure that all future needs for skilled workers can be met. Jungheinrich employs temporary workers in order to avoid capacity utilisation risks and uses location-specific flexible working time accounts. It is very likely that there will be uncertainty in personnel expense planning in the 2022 financial year due to the upcoming new collective bargaining agreements.

Financial risks and opportunities

Due to regulations governing the international financial markets, such as the European Market Infrastructure Regulation (EMIR), Jungheinrich must observe comprehensive guidelines and reporting duties for all financial transactions. A Group-wide process is in place to ensure that regulations are observed. This process guarantees that reporting obligations and risk mitigation requirements are met. Building on statutory requirements, Jungheinrich has laid out control mechanisms for the use of financial instruments in a procedural guideline. This includes clear differentiation between trading, processing, accounting and controlling and the stipulation that derivative financial instruments are only used to hedge existing underlying transactions against risks from changes in interest and exchange rates

Financial services

Risks associated with financial services arise particularly from the leasing business and include risks and opportunities from changing residual values of leased items and the corresponding interest rate. Financial services risks are deemed to be moderate overall. Detailed rules governing the identification and assessment of risks are documented in Group-wide guidelines and the financial service companies' internal process descriptions.

The risks and opportunities arising from the resale of truck returns from the financial services business are borne by the operating sales units. The residual value guarantees are calculated on the basis of a conservative uniform Group standard for maximum permissible residual values. The risk of fluctuation in the residual value of leased equipment causing deviations from the contractually agreed residual value is classed as being highly probable with a potentially moderate impact. The residual values of all individual contracts are subjected to a quarterly evaluation using the central financial services contracts database on the basis of their current fair value. If the originally calculated residual value is above the current fair value and the end of the term of the contract, this risk is appropriately taken into account depending on the classification of the long-term customer contract by reducing the carrying amounts for "trucks for lease from financial services" or "receivables from financial services" in profit or loss.

The refinancing risk is limited by applying the principle of matching maturities and interest rates for customer and refinancing agreements (no risk of a change in interest rates during the term of the contract) when refinancing financial service agreements. The "Financial Services" segment's Group-wide structural and procedural organisation ensures management of completed financial service agreements with a correlating financing structure and form through domestic and foreign refinancing banks. Moreover, an established financing platform enables us to obtain refinancing on the capital market. Sufficient lines of credit are at the company's disposal for financing the new truck business.

For refinancing, agreements were reached with the financing banks at an early stage in order to react flexibly to market and customer requirements caused by the coronavirus. As at the balance sheet date, the scope of the required customer-specific payment agreements was negligibly small in light of this. The refinancing lines remained available to Jungheinrich in the reporting year as they were at the end of the previous financial year.

Customer defaults on receivables, insolvencies and free early terminations of contracts with break clauses in the financial services business remain at a low level.

Foreign currencies

Due to its international activities and affiliates and dynamic developments on the financial markets, the Jungheinrich Group is subject to exchange rate fluctuations. Fluctuations in foreign currency exchange rates are deemed probable and, should they occur, there is also the possibility of moderate risks and a low level of opportunities. Jungheinrich uses financial instruments such as currency forwards, currency swaps and currency options to manage foreign currency risks.

Debt defaults

The debt default risk area covers risks arising from potential debt defaults on customer payments. Overall, these risks are classed as very low for Jungheinrich.

Jungheinrich protects itself against debt default risks by using an IT-based system to permanently monitor customers' creditworthiness and to regularly analyse outstanding receivables and their structure. The majority of foreign revenue generated from business with third parties is covered by credit insurance policies. Comprehensive system-reported creditworthiness checks performed before contracts are concluded, as well as revolving inspections during the terms of agreements, help keep default levels on receivables from customers very low. Forklift trucks prematurely recovered from customers are handed over to the "Intralogistics" segment's operational sales units for marketing. The return conditions are determined centrally.

Financing and capital investment

Financing and capital investment risks include all risks and opportunities that can arise when borrowing or investing capital. Risks in this risk area are classified as moderate.

Jungheinrich's good credit rating and solid statement of financial position continue to have a positive influence on obtaining credit. In addition to the high levels of cash and cash equivalents, confirmed medium-term credit facilities and short-term credit lines safeguard the Group's financial flexibility and liquidity. The confirmed credit facilities had only been partially used in the "Intralogistics" segment as at the balance sheet date.

Jungheinrich can also obtain finance through the capital market, as in the past, by issuing promissory notes. The maturities for the credit lines and remaining promissory notes are very spread out, giving the company plenty of long-term leeway for arranging financing. Furthermore, none of the credit agreements or promissory note agreements contain financial covenants.

The company's cash and cash equivalents and existing credit agreements ensure that it can always fulfil its payment obligations. There is, therefore, no liquidity risk. The central cash and currency management for the Jungheinrich Group enables the Group-wide, international provision of financial resources at the best possible interest and currency exchange rates, and cash flow management for domestic and foreign Group companies.

With the start of the coronavirus pandemic, the management and monitoring of Group liquidity was intensified. A rolling operational liquidity forecast has supplemented the medium-term liquidity forecast derived from cash flow planning since then.

Throughout the Group, Jungheinrich takes a conservative approach to investment and generally only invests in certain asset classes with flawless credit ratings. Part of the liquidity is invested in a special fund. The value of the capital investments held by Jungheinrich is subject to the normal fluctuations on the international capital markets. The severity of the fluctuation can have a moderate impact on both the risks and opportunities side, depending on the point in time of the sale.

Jungheinrich also faces credit partner risks that arise when contractual agreements are not fulfilled by partners. Due to the risk indicators employed within the Group and spreads for credit default swaps, there is no material risk of dependence on specific contractual partners. The general credit risk from the derivative financial instruments employed is considered very low.

Further information regarding financial instruments can be found in Jungheinrich AG's consolidated financial statements [page 90].

Impairment risks are constantly monitored by Corporate Finance. This applies in particular to goodwill from company acquisitions, which has an indefinite useful life and is therefore not subject to amortisation. Goodwill is subjected to an impairment test in accordance with IAS 36 at least once a year, or more frequently if there are indications of a reduction in value. In addition, all assets that fall within the scope of IAS 36 are reviewed as part of an asset impairment test if there are such indications of a reduction in value.

Taxes

Tax risks are considered to be low overall. They arise from the constantly changing taxation policy requirements. Risks also arise when national tax authorities deviate from the international basic rules agreed between tax authorities with regards to cross-border matters. The risk increases when updated authority viewpoints are to be applied as a whole retroactively.

Legal and compliance risks and opportunities

Compliance and data protection

The compliance and data protection risk area covers all risks related to non-compliance with laws and general compliance regulations, especially corruption, fraud and money laundering prevention and data protection regulations. Due to the numerous measures in place, risks in the field of compliance and data protection are classed as very low overall.

In both the valid Group guidelines, which apply to all employees, and the Code of Conduct, Jungheinrich has set out regulations and measures for the prevention of corruption, fraud and money laundering risks. Adherence to these regulations is regularly checked by Corporate Compliance, Audit & Data Protection.

Jungheinrich is subject to the risk of fines in the area of data protection due to the General Data Protection Regulation (GDPR). These are addressed through a number of measures. Group guidelines are continually updated to reflect new data protection regulations. The necessary data protection agreement principles with suppliers and other business partners were also amended. Jungheinrich also ensured compliance with the requirements by implementing stricter technical and organisational measures (TOMs). The data protection challenges in the context of the coronavirus pandemic, in particular due to the increase in mobile working, have been taken into account through corresponding instructions and recommendations. The Board of Management obligates all employees to comply with data protection regulations. Regular Group-wide training is in place. The data protection management system is continually monitored and will be improved further.

Legal

The Jungheinrich Group's companies are exposed to the legal risks that are customary in commercial enterprises, in particular regarding the liability for alleged non-compliance with contractual obligations or public law and for allegedly faulty products. These risks are currently classed as very low for Jungheinrich.

Material general contract risks are eliminated by applying Group-wide policies whenever possible. In addition, central support and legal advice is available to the individual departments for material contracts and other transactions with significant legal aspects. Appropriate provisions are established to cover potential financial burdens resulting from risks relating to lawsuits. The Group has adequate insurance coverage for claims filed against Group companies on grounds of allegedly faulty products.

Current developments against the backdrop of the war in Ukraine

The Jungheinrich Group has subsidiaries in Russia and Ukraine. Jungheinrich has established a crisis team that communicates daily with the employees in Russia and Ukraine. In this respect, the measures of the crisis team focus on protecting the staff and their families. In light of the war started by Russia against Ukraine at the end of February 2022, assets reported as of 31 December 2021 in Russia and Ukraine in the amount of €130 million and €5 million, respectively, are exposed to an impairment risk.

FORECAST REPORT

Global economy set to continue growing, albeit at a slower pace
As of the end of January 2022, before the outbreak of war in Ukraine, the IMF anticipated that global growth would be weaker overall in 2022 than in 2021. The main reasons given for this forecast were the mobility restrictions in place in the winter of 2021/2022 as a result of the spread of the Omicron variant, but also the rising energy prices and the ongoing supply chain disruptions resulting in rising inflation. For the year 2022, the IMF expects global economic output to increase by 4.4 per cent (2021: 5.9 per cent). For China and the USA in particular, slower growth than in the previous year is expected. However, GDP in USA is still expected to increase by 4.0 per cent (2021: 5.6 per cent). Significantly lower GDP growth against the previous year of 4.8 per cent is forecast for the Chinese economy (2021: 8.1 per cent).

In the Eurozone, the IMF predicts that the coronavirus pandemic, increases in the cost of materials and potential supply shortages as a result of unreliable supply chains and the rising inflation trend will be the main issues in 2022. Nevertheless, robust economic growth of 3.9 per cent is forecast for this region (2021: 5.2 per cent).

The IMF believes economic output in Germany will rise faster than in the previous year at 3.8 per cent (2021: 2.7 per cent), but again supply chain issues will have a negative impact on German economic development. Following the strong growth of 6.7 per cent in France, GDP growth is expected to slow noticeably at 3.5 per cent in 2022; while the IMF expects economic output in Italy to reach comparatively moderate GDP growth of just 3.8 per cent in 2022 following the sharp rise in the previous year (6.2 per cent). The same applies to the UK: while GDP growth in 2021 was 7.2 per cent, noticeably slower economic growth of 4.7 per cent is predicted for 2022. Economic momentum in Poland is also forecast to slow somewhat (4.6 per cent; 2021: 5.4 per cent). With GDP growth of 2.8 per cent in 2022, a considerable slowdown is also anticipated in Russia in comparison with the previous year (4.5 percent).

GROWTH RATES FOR SELECTED ECONOMIC REGIONS

Gross domestic product in %	2022 forecast
World	4.4
USA	4.0
China	4.8
Eurozone	3.9
Germany	3.8

Source: International Monetary Fund (as of 25 January 2022).

2022 forecast: Despite increase in risk and high economic uncertainty, Jungheinrich continues to grow profitably
Despite a rise in economic uncertainty, which was once again massively heightened by the start of the Russia-Ukraine war at the end of February 2022, we generally expect to see good market demand and therefore assume that the Group will continue to grow profitably. We currently expect incoming orders to be slightly below the level seen in the previous year (2021: €4.9 billion). We expect Group revenue for 2022 to be slightly above the previous year's value (2021: €4.2 billion) with ongoing bottlenecks in the supply chains. EBIT and EBT are both expected to have a value significantly below that of the previous year (2021: €360 million and €349 million). We also expect significantly lower rates of return for EBIT and EBT compared with the previous year (2021: 8.5 per cent and 8.2 per cent). In terms of developments in the cost of materials, we anticipate – starting with the current high levels – further noticeable increases over the course of 2022. We would like to point out that it is not possible to conclusively assess any further negative effects from the war and these have therefore not yet been taken into account in the forecast. In order to continue implementing Strategy 2025+ consistently, we are planning a clear increase in personnel capacities, especially in the strategic fields of automation, digitalisation, energy systems, efficiency, global footprint and sustainability in 2022.

As part of Strategy 2025+, we plan to use a cash flow-based figure for management purposes. We are currently working on a final definition for the new cash flow-based performance parameter and will implement this over the course of the 2022 reporting year. The definition, calculation methodology, and actual and target figures will appear in the interim report as of 30 June 2022 for the first time.

ROCE new for the 2022 financial year is expected to come in well below the level of the previous year (2021: 20.2 per cent).

Due to competition law, actual and target figures on the equipment ratio of lithium-ion batteries are not reported.

All these forecast values refer to organic growth. As already explained above, any possible further consequences of the war started by Russia against Ukraine in February 2022 are not considered here. The planned contributions of Russia and Ukraine to Group revenue amount to 4 and less than 1 per cent, respectively. The Board of Management has decided not to deliver any more trucks or spare parts to Russia until further notice.

Also concerning the coronavirus pandemic, considerable uncertainties remain regarding the further course of the pandemic and the resulting impacts on our business. The forecast is also based on the assumption that there will be no widespread production standstills and that the supply chains remain largely intact. Implementing measures to ensure our ability to deliver will continue to be a priority.

General statement concerning the Jungheinrich Group's anticipated development
Alongside the war in Ukraine potentially resulting in further and considerable geopolitical upheaval with a significant negative impact on our market and/or substantial restrictions or very volatile developments, we also believe that there will be considerable uncertainty surrounding overall economic development and especially unreliable supply chains in the 2022 financial year. Although the coronavirus is gradually becoming endemic, it is safe to assume that the global economic and social consequences of lockdowns in the past two years will continue to echo through 2022.

If the expected good demand remains unaffected, positive impacts for Jungheinrich's business activities derived from this assumption can be expected. Increased opportunities are also being presented by the intact and growing global trends that will push intralogistics, digital products and services, e-commerce-oriented portfolios and electric mobility and automation offers.

At present, we believe that the risks plaguing material supplies, including the rising costs of materials, will in all likelihood impact profitability. Potential supply chain disruptions would also negatively impact revenue growth. Potential severe exchange rate fluctuations and/or interest rate changes could also have negative impacts on revenue, EBIT and EBT.

Jungheinrich's business model, combined with our strong balance sheet and solid liquidity, enables us to continue implementing Strategy 2025+ even in the event that economic and market developments fall short of expectations. We will focus on the strategically important fields of automation, digitalisation, energy systems, efficiency, global footprint and sustainability.

JUNGHEINRICH AG (HGB)

The annual financial statements of Jungheinrich AG follow the provisions of the German Commercial Code (HGB), while the consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS).

Jungheinrich AG is a management holding company and, in addition to the Group's central functions, also comprises Corporate Research & Development and Corporate Real Estate Management. As the parent company, it holds shares directly and indirectly in both domestic and foreign subsidiaries. Jungheinrich AG especially has direct business relations with the subsidiaries in Germany. The positive annual results of the subsidiaries managed in the legal form of AG & Co. KG are recognised in the same phase in the annual financial statements of Jungheinrich AG and reported under income from affiliates. In addition, there are some profit and loss transfer agreements with domestic corporations whose income is reported under a separate item in the statement of profit or loss. The income from associates consisting of these two components are the material control parameter for Jungheinrich AG.

As of 31 December 2021, Jungheinrich AG had 1,288 employees, of which 167 were trainees and apprentices (previous year: 1,173 employees, of which 166 were trainees and apprentices).

The overall economic and industry-related conditions correspond to those of the Group as described in the economic report [page 53 ff.].

Business trend and earnings position

The earnings position of Jungheinrich AG is determined by the business trend of the operating subsidiaries in Germany and abroad as well as the resulting income from affiliates. As expected, Jungheinrich AG's income from affiliates climbed in 2021 to €205 million after €191 million in the previous year. The primary reason for this was higher income from affiliates at German plants who benefited from the noticeable increase in capacity utilisation in the reporting year.

Jungheinrich AG's revenue in the 2021 financial year amounted to €243 million, compared to €200 million in the previous year. It includes remuneration for services, revenue from the rental of real estate and revenue from licensing agreements. Revenue from remuneration for services increased steeply due to expansion in business volumes in the domestic operating companies by 23 per cent in comparison with the previous year from €120 million to €147 million. Revenue from the rental of real estate to domestic Group companies of €35 million was similar to the previous year (€34 million). Revenue from licence agreements was 33 per cent higher year-on-year at €61 million than the previous year's figure of €46 million due to the higher volume of business at the plants.

Other operating income increased significantly from €35 million in the previous year to €65 million in the reporting year. The main reason for this was the sharp increase of €32 million in compensation payments received from foreign companies and domestic plants on the basis of contractual agreements.

Jungheinrich AG's expenses developed as follows:

in € million	2021	2020
Cost of materials	3	3
Personnel expenses	130	122
Depreciation and amortisation of fixed assets	22	24
Other operating expenses	279	220

The cost of materials mainly includes the energy costs of the rented properties. Personnel expenses and other operating expenses include the administrative costs of the holding company and the central divisions. The increase in personnel expenses by €8 million was due to the increase in the average number of employees (measured in full-time equivalent, excluding trainees and apprentices) of 996 in 2020 by 71 to 1,067 employees in the 2021 financial year.

Other operating expenses increased by €59 million from €220 million in the previous year to €279 million. The clear increase was primarily driven by large increases in compensation payments to foreign companies on the basis of contractual agreements and the rise in the cost of strategic projects. The settlement for central services for domestic plants was also adjusted. The higher expenses that this resulted in were offset by revenue from the remuneration of services in the same amount.

R&D expenditure, including the use of services provided by third parties and affiliated companies, arises mainly from the use of services provided by affiliated companies. At €87 million, they were up 12 per cent against the previous year (€78 million).

The earnings trend of Jungheinrich AG in the reporting period was thus as follows:

in € million	2021	2020
Earnings before interest and taxes	78	58
Net interest	–2	–2
Earnings before taxes	76	56
Taxes on income and other taxes	–25	–35
Profit for the year	101	91

Earnings before interest and taxes and earnings before taxes each climbed by €20 million in comparison with the previous year.

At €25 million, the net income from taxes on income and other taxes was lower than in the previous year (€35 million). This includes the income tax allocations demanded from the operating companies in the legal form of AG & Co KG, which rose to €67 million compared to the previous year (€57 million) due to the increased income from affiliates. The expense from effective taxes developed in the opposite direction.

As expected, Jungheinrich AG closed the 2021 financial year with a noticeably higher net income of €101 million compared to the previous year (€91 million). In accordance with Section 58, Paragraph 2 of the German Stock Corporation Act (AktG), €33 million of the net profit for the year was transferred to other retained earnings.

Capital expenditure
Additions to fixed assets amounted to €152 million in the reporting period and were thus considerably higher than the previous year's figure (€29 million). This was largely related to the acquisition of arculus and its technical expertise, which totalled €123 million. As at the balance sheet date, Jungheinrich AG's capital expenditure commitments amounted to €1 million. Capital expenditure was financed with the company's own resources.

Financial and asset position
As the parent company of the Group, Jungheinrich AG is responsible for the financial management of the Group and ensures the availability of sufficient financial resources. Further information on financial management can be found in the economic report [page 57].

The asset structure of Jungheinrich AG is as follows:

in € million	2021	2020
Non-current assets	766	639
Receivables from affiliated companies	493	424
Bank balances and securities	502	773
Other assets	23	12
Balance sheet total	**1,784**	**1,848**

Fixed assets increased from €639 million in the previous year to €766 million in 2021, primarily as a result of the acquisition of arculus and its technical expertise.

The increase of €69 million in receivables from affiliated companies resulted from the higher claims of Jungheinrich AG compared to the previous year from the provision of cash and cash equivalents to Group companies as part of central liquidity management. The clear reduction of €271 million in bank balances and securities to €502 million in the 2021 financial year was due in particular to the acquisition of arculus and the repayment of medium- and long-term loans and promissory notes.

The capital structure of Jungheinrich AG is as follows:

in € million	2021	2020
Shareholders' equity	1,144	1,085
Provisions for pensions	37	34
Other provisions	62	29
Liabilities due to banks	172	383
Liabilities to affiliated companies	341	298
Other liabilities	28	19
Balance sheet total	**1,784**	**1,848**

The shareholders' equity of Jungheinrich AG amounted to €1,144 million as at the balance sheet date and was thus €59 million higher than in the previous year (€1,085 million). The profit for the year of €101 million was offset by the dividend payments of €43 million for the previous financial year. The equity ratio increased to 64 per cent (previous year: 59 per cent).

Other provisions in the reporting year included the present value of a contingent purchase price payment in the amount of €25 million from the agreed earn-out clauses as part of the acquisition of arculus.

Liabilities due to banks decreased significantly by €211 million year-on-year. This was due to the repayment of medium- and long-term loans and promissory notes in virtually equal amounts.

At €341 million, liabilities to affiliated companies were €43 million higher than in the previous year (€298 million) and were largely incurred through measures to refinance trucks for short-term rental in Germany and abroad.

Risks and opportunities
Jungheinrich AG shares in the risks and opportunities of its subsidiaries. Detailed information is provided in the risk and opportunity report [page 64 ff.].

Forecast report
We report on our prospects and plans for operations in our forecast report [page 73 f.].

The operating results of the subsidiaries of Jungheinrich AG will be much lower in 2022 than in 2021. As a result, the total income from affiliates and Jungheinrich AG's profit for the year should also be significantly lower in 2022 than in the previous year.

The explanations above are forward-looking statements that are based on the company management's current expectations, assumptions and assessments for future developments. Such statements are subject to risks and uncertainty that are largely beyond the company's control. The outlook for the 2022 financial year is very uncertain, especially because of the war that Russia started against Ukraine at the end of February 2022, as the possible further negative effects, particularly on procurement and sales, cannot currently be estimated – not just for business transactions with Ukraine and Russia, but globally. This includes changes in the overall economic situation, including impacts from the further course of the coronavirus pandemic, within the intralogistics sector, in materials supply, the price development of fuel and raw materials, demand in important markets, developments in competition and regulatory frameworks and regulations, exchange and interest rates and the outcome of pending or future legal proceedings. Should these or other uncertainties or unknown factors apply or the assumptions on which these statements are based proved false, actual results may deviate significantly from the results stated or implied. No responsibility is therefore taken for forward-looking statements. Without prejudice to existing capital market obligations, there is no intention nor do we accept any obligation to update forward-looking statements.

Hamburg, 25 March 2022

Jungheinrich Aktiengesellschaft
The Board of Management

Dr Lars Brzoska	Christian Erlach
Dr Volker Hues	Sabine Neuß