

**Statement of financial position
as at 31 December 2018****Assets**

€ thousand	31.12.2018	31.12.2017
A. Non-current assets		
I. Financial assets	<u>1,113,604</u>	<u>1,057,176</u>
	1,113,604	1,057,176
B. Current assets		
I. Receivables and other assets		
1. Receivables from affiliated companies	<u>3,869</u>	<u>5,173</u>
	3,869	5,173
II. Cash on hand and credit balances with banks	0	0
Total assets	<u>1,117,473</u>	<u>1,062,349</u>

Statement of financial position as at 31 December 2018

Equity and liabilities

€ thousand	31.12.2018	31.12.2017
A. Equity		
I. Subscribed capital	25	27
II. Capital reserves	1,225,951	1,182,035
III. Revenue reserves	0	0
IV. Profit/loss carried forward	-143,983	-136,257
V. Net profit/loss for the year	15,343	-2,569
	1,097,336	1,043,236
B. Provisions		
1. Other provisions	9	0
	9	0
C. Liabilities		
1. Liabilities to affiliated companies	20,127	19,113
	20,127	19,113
Total equity and liabilities	1,117,473	1,062,349

Notes to the financial statements of Dematic Holdings GmbH for the 2018 financial year

[1] General information on the Company

Dematic Holdings GmbH, whose registered office is at Thea-Rasche-Strasse 8, 60549 Frankfurt am Main, is entered in the commercial register at the Frankfurt am Main local court under reference HRB 113341.

The Company was created by the conversion of the legal form of DH Services Luxembourg Holding S.à r.l., Senningerberg, Luxembourg, i.e. it continued to exist as a legal entity; the registered office was simultaneously relocated. The conversion and relocation of the registered office were entered in the commercial register of the Frankfurt am Main local court on 16 October 2018.

The object of the Company is to hold, acquire, manage and sell investments in entities with any form of legal structure, in particular entities involved in supply chain solutions, as well as to assume responsibility for management functions, other services in return for a consideration and the provision of lease finance for the investee entities.

The separate financial statements of Dematic Holdings GmbH are prepared in accordance with the prevailing accounting principles specified for limited companies by section 242 et seq. and section 264 et seq. of the German Commercial Code (HGB). The Company is classified as a small limited company within the meaning of section 267 (1) HGB and has exercised the exemptions pursuant to section 288 sentence 1 and section 326 HGB.

The comparative disclosures result from the financial statements of DH Services Luxembourg Holding S.à r.l., Senningerberg, Luxembourg, for the year ended 31 December 2017, which were prepared in US dollars and in accordance with Luxembourg law. Their comparability is limited because they were translated at the closing rate on 31 December 2017.

The income statement has been prepared in accordance with the nature-of-expense method pursuant to section 275 (2) HGB.

To improve the clarity of presentation, some items are aggregated in the statement of financial position and income statement and are then separately reported in the notes.

All amounts are disclosed in thousands of euros (€ thousand) unless stated otherwise. Due to rounding effects, addition of the individual amounts shown may result in minor rounding differences to the totals.

By contract dated 26 February 2019, Dematic (Services) Limited, whose registered office was in Banbury, United Kingdom, was merged into Dematic Holdings GmbH; the merger cut-off date was defined as 1 December 2018. The merger took effect when it was entered in the commercial register on 7 March 2019.

As a result of the merger, the following assets were acquired and liabilities assumed at their carrying amounts with effect from 1 December 2018:

€ thousand	30.11.2018
Assets	
Financial assets	1,113,604
Receivables from affiliated companies	1
Total assets	1,113,605
Equity and liabilities	
Liabilities to affiliated companies	33
Total equity and liabilities	33
Balance of assets acquired and liabilities assumed	1,113,572

The financial assets acquired comprise the equity investment in DH Services GmbH, Frankfurt.

The merger with Dematic (Services) Limited, Banbury, United Kingdom, resulted in a gain on the merger of €17,121 thousand.

As the impact on the financial performance and financial position of Dematic Holdings GmbH is not material, the prior-year figures have not been restated in a separate column for comparison purposes in the statement of financial position or income statement.

[2] Accounting policies

Financial assets

Investments in affiliated companies included within financial assets are carried at cost.

Impairment losses are recognised for assets that are permanently impaired. If an impairment loss has been recognised in prior years and the reasons for the impairment loss now no longer exist, either as a whole or in part, the impairment loss is reversed, but such that the resulting asset carrying amount is no greater than the acquisition cost of the asset.

Receivables and other assets

Receivables and other assets are carried at cost. Appropriate valuation allowances are recognised for any risks identified when measuring receivables and other assets. The amount of the valuation allowances is based on the probable default risk. Receivables denominated in foreign currency are translated at the middle spot exchange rate on the reporting date as part of the subsequent measurement process:

- the recognition of receivables due in more than one year is in compliance with the HGB principles of prudent revenue recognition, imparity (whereby unrealised losses are recognised, but unrealised gains are not recognised) and the historical cost convention;
- the recognition of receivables due in or within one year does not take account of the HGB principles of prudent revenue recognition, imparity and the historical cost convention.

Equity

Subscribed capital is carried at its nominal amount.

Other provisions

Provisions are measured such that identifiable risks arising from pending transactions and contingent liabilities are recognised in the financial statements. These provisions are recognised in the amount that would be required to settle future payment obligations, as dictated by prudent business practice. Future increases in prices and costs are factored into the calculation of the amounts if there is sufficient objective evidence that such increases will occur. Provisions with a maturity of more than one year are discounted with a maturity-matched average market discount rate for the past seven years.

Liabilities

Liabilities are carried at their settlement value. Liabilities denominated in foreign currency are translated at the middle spot exchange rate on the reporting date as part of the subsequent measurement process:

- the recognition of liabilities due in more than one year is in compliance with the HGB principles of prudent revenue recognition, imparity and the historical cost convention;
- the recognition of liabilities due in or within one year does not take account of the HGB principles of prudent revenue recognition, imparity and the historical cost convention.

[3] Notes to the statement of financial position

Non-current assets

Financial assets comprise the equity investment in Dematic Services GmbH of €1,113,604 thousand (31 December 2017: €0 thousand).

As at 31 December 2017, there had been an equity investment in Dematic (Services) Limited, Banbury, United Kingdom, of €1,057,176 thousand; it was derecognised in connection with the merger of Dematic (Services) Limited, Banbury, United Kingdom, into Dematic Holdings GmbH.

Receivables and other assets

Receivables from affiliated companies largely consist of financial receivables within the KION Group. In 2018, specific valuation allowances were recognised on irrecoverable receivables in an amount of €1,553 thousand.

There were no receivables from affiliated companies with a residual maturity of more than one year (31 December 2017: €0 thousand).

Equity

The Company's subscribed capital amounted to €25 thousand as at 31 December 2018 and was fully paid-up.

Conversion of the legal form initially gave rise to subscribed capital of €28 thousand. When the articles of association were revised with effect from 8 August 2018, it was decided to reduce the share capital to €25 thousand. The balance resulting from the reduction of the share capital was added to the Company's reserves.

Liabilities

Liabilities to affiliated companies largely consisted of liabilities in connection with loans and cash pooling within the KION Group. They included liabilities to the shareholder amounting to €3 thousand (31 December 2017: €0 thousand).

There were no liabilities to affiliated companies with a residual maturity of more than one year (31 December 2017: €0 thousand).

[4] Other disclosures

The Company had no employees in 2018 (2017: 0 employees).

The other financial commitments relate to obligations under a long-term lease for office space amounting to €39 thousand (31 December 2017: €0 thousand).

The Company is included in the consolidated financial statements of KION GROUP AG (Frankfurt am Main local court, HRB 112163).

The Management Board proposes to the shareholder that the net profit for the year of €15,343 thousand be carried forward to the next accounting period.

Frankfurt am Main, 31 March 2019

The Management Board



Johannes Borsche



Dr. Lena Wallenhorst