CREATING SUSTAINABLE VALUE

2020

ANNUAL REPORT

JUNGHEINRICH

CONTENTS

COMPANY PROFILE

Founded in 1953, Jungheinrich ranks among the leading solutions providers for the intralogistics sector, with revenue of €3.8 billion and more than 18,000 employees worldwide. With a comprehensive portfolio of material handling equipment, automatic systems and services, the company is able to offer customers tailored solutions for the challenges posed by Industry 4.0 from a single source. Jungheinrich has energy expertise which is unique in the sector and is a pioneer in lithium-ion technology. Jungheinrich's goal is to be the number one choice in intralogistics worldwide. With our Group strategy 2025+, we have committed ourselves to the goal of creating sustainable value – for our customers, employees, shareholders and business partners as well as for society at large.

KEY FIGURES AT A GLANCE

Jungheinrich Group		2020	2019	Change %
Incoming orders	units	111,400	121,900	–8.6
	€ million	3,777	3,922	–3.7
Orders on hand 31/12	€ million	821	787	4.3
Revenue	€ million	3,809	4,073	–6.5
thereof Germany	€ million	917	966	–5.1
thereof abroad	€ million	2,892	3,107	–6.9
Foreign ratio	%	76	76	–
Earnings before interest and income taxes (EBIT)	€ million	218	263	–17.1
EBIT return on sales (EBIT ROS)	%	5.7	6.4	–
EBIT return on capital employed (ROCE)[1]	%	13.5	13.7	–
Earnings before taxes (EBT)	€ million	200	242	–17.4
EBT return on sales (EBT ROS)	%	5.3	5.9	–
Profit or loss	€ million	151	177	–14.7
Capital expenditure[2]	€ million	75	157	–52.2
Research and development expenditure	€ million	89	86	3.5
Balance sheet total 31/12	€ million	5,411	5,231	3.4
Shareholders' equity 31/12	€ million	1,546	1,488	3.9
thereof subscribed capital	€ million	102	102	–
Employees 31/12	FTE[3]	18,103	18,381	–1.5
thereof Germany	FTE[3]	7,577	7,635	–0.8
thereof abroad	FTE[3]	10,526	10,746	–2.0
Earnings per preferred share[4]	€	1.49	1.75	–14.9
Dividend per share – ordinary share	€	0.41[5]	0.46	–10.9
– preferred share	€	0.43[5]	0.48	–10.4

1 EBIT as a percentage of interest-bearing capital employed (cut-off date).
2 Property, plant and equipment and intangible assets without capitalised development expenditure and right-of-use assets.
3 FTE = full-time equivalents; part-time employees were taken into account according to their hours.
4 Based on share of earnings attributable to the shareholders of Jungheinrich AG.
5 Proposal.

About this report

We have optimised the PDF version of our annual report for PCs and tablets. The landscape format with individual page view is better suited for viewing on a monitor. The links in the table of contents enable the reader to navigate all chapters quickly and easily. Useful links and standardised function buttons on each page make it easier for the reader to reference content and the reporting in a more user-friendly and transparent manner.

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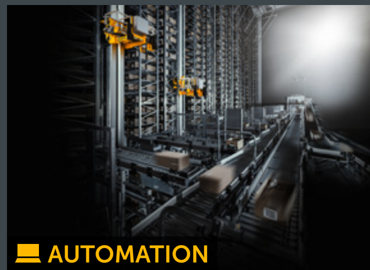
STRATEGY 2025+

With our Group strategy 2025+, we have committed ourselves to the goal of creating sustainable value – for our customers, employees, shareholders and business partners as well as for society at large. Taking all of this into consideration, our aim is to reconcile economic, environmental and social developments and to place the needs of all stakeholders at the core of our activities. In this regard, we have committed to using resources efficiently.

Want to learn more?
Visit our online 2020 Annual Report with more information about Jungheinrich, our Strategy 2025+ and the 2020 financial year – including video and audio material.

OUR FIELDS OF ACTION



AUTOMATION

Automation at the core of our future growth

DIGITALISATION

New products and business models through digitalisation

ENERGY SYSTEMS

Electric mobility is our core competence

EFFICIENCY

Our digital transformation makes processes and structures more efficient

GLOBAL FOOTPRINT

We think globally and act locally

SUSTAINABILITY

Sustainability is part of our DNA and the basis of our activities

BOARD OF MANAGEMENT

Dr Lars Brzoska
Chairman of the Board
of Management

Dr Volker Hues
Member of the Board
of Management Finance

Christian Erlach
Member of the Board
of Management Sales

Sabine Neuß
Member of the Board
of Management Technics

FOREWORD BY THE BOARD OF MANAGEMENT

Dear shareholders,

Last year was extraordinary in every respect, but will hopefully remain unique in that way for a long time. It would be hard to find a year in the history books, even going back many decades, that was as dominated by a single event to such an extent as 2020 was dominated by the coronavirus. Its impact on almost all areas of life was unprecedented.

Shortly after the beginning of the year, our colleagues in China were affected by the first lockdown measures. From early March onwards, Europe – our core market – became a hotspot. Economic life came to a temporary standstill across large parts of the continent. Jungheinrich's business operations, however, did not. Because we took the situation extremely seriously right from the start and began to take the necessary precautionary measures at an early stage, we succeeded in being able to act at all times, even at the height of the coronavirus crisis.

As a result, Jungheinrich has come through this period better overall than was initially expected. The financial year closed with respectable revenue of €3.81 billion and an equally respectable EBIT of €218 million. The decline was therefore much less than had been feared in the summer. As a result of measures taken early on to reduce costs and secure liquidity, the negative impact of the pandemic on our earnings could be kept to a minimum. At the same time, we maintained our strong balance sheet and solid liquidity. We turned net debt of €172 million into a net credit balance of €194 million – an improvement of €366 million in one year.

The fact that we were able to achieve such a result during a year that has seen the greatest health and economic crisis since the Second World War is above all also an expression of the outstanding commitment of our employees. Thanks to their great dedication, our customers, especially those in critical sectors such as logistics, wholesale, food and pharmaceuticals, were able to rely on Jungheinrich. Our colleagues have become the "yellow heroes". To say thank you for this extraordinary commitment and in recognition of the additional burden caused by the crisis, we paid our employees a special corona bonus at the end of the year. Jungheinrich is proud of this team and is sure that it will go on to master all the upcoming challenges and achieve even more in the future.

Despite all the challenges associated with the coronavirus crisis, it has not prevented us from thinking about what the future of Jungheinrich could look like. Over the course of 2020, we developed our Strategy 2025+ within this context and presented it in the autumn. The strategy specifies how we will achieve our goals together. It focuses on increasing profitability, efficiency and sustainability.

In technological terms, Jungheinrich is focusing on the innovation of automation, digitalisation and energy systems. We will be expanding our role as a trendsetter in these fields and consistently exploiting the resulting growth potential. To this end, we are pushing ahead with the expansion of our automation portfolio, primarily in the areas of automated guided vehicles, fully automated warehouses, as well as software and robotics.

In terms of energy efficiency, Jungheinrich is already number one in intralogistics. No other company in the industry relies so consistently on the lithium-ion battery. In 2025, more than 70 per cent of the trucks we sell will be equipped with lithium-ion technology. To this end, we will be launching further truck models with modern battery concepts onto the market in the coming years. We also see great growth potential beyond intralogistics. This is why we now also apply our expertise in the field of efficient and climate-friendly electric mobility to well-known manufacturers of construction and agricultural machinery.

All activities are based on our holistic understanding of sustainability that takes equal account of economic, environmental and social aspects. For us, assuming corporate responsibility means combining social and environmental aspects with profitable growth. Within the mechanical engineering industry, Jungheinrich is already among the most sustainable 2 per cent of companies. At the end of 2020, we joined the 50 Sustainability & Climate Leaders initiative in order to lead the fight against climate change alongside other international groups.

Jungheinrich will create sustainable value for our customers, employees, shareholders and business partners as well as for society as a whole. This is our goal and it is what drives us, today and in the future. My colleagues from the Board of Management and I would like to thank you all for your long-standing trust in Jungheinrich. Special thanks go to our two shareholder families Lange and Wolf, and to the Supervisory Board for their close and constructive collaboration.

Sincerely yours,

Dr Lars Brzoska
Chairman of the Board of Management

TO OUR SHAREHOLDERS

REPORT OF THE SUPERVISORY BOARD

Despite the major challenges posed by the Covid-19 pandemic and a resulting slight decline in revenue, Jungheinrich achieved a respectable result in the year under review thanks to the swift, hands-on and solution-oriented actions of the Board of Management, all senior executives and all employees.

Focal points of Supervisory Board activity

For Jungheinrich, 2020 was also dominated by the many challenges posed by the Covid-19 pandemic.

After the mood in the markets relevant for Jungheinrich had already deteriorated in the second half of 2019 due to increasing geopolitical tensions (Brexit and the trade conflict between the USA and China), the still uncontained Covid-19 pandemic became a new burden for the business from the beginning of 2020. It initially led to great uncertainty about future developments across broad swathes of the population as well as among Jungheinrich's customers, and then to an initial lockdown, predominantly in the second quarter, before a certain new normality began to emerge from early summer onwards.

Due to the measures initiated by the Board of Management in the second half of 2019 – related to the general economic concerns – to reduce costs, secure liquidity and increase efficiency, the company was already suitably positioned at an early stage and had taken organisational precautions so that it could continue with efficient crisis management at the beginning of the pandemic. Together with the priorities originally set for Jungheinrich during the pandemic, i.e. ensuring delivery capability as well as employee health, these have, looking back to 2020, proven to be the right measures, allowing Jungheinrich to achieve respectable revenue and EBIT considering all the circumstances.

At the same time, the Board of Management continued the projects for the future-oriented alignment of the company, especially with regard to processes, digitalisation, products and the organisation.

The Supervisory Board accompanied and supported the Board of Management in all projects in an advisory capacity and, as in the past, exchanged information very intensively with the Board of Management.

In the reporting year, the pandemic posed a huge challenge in terms of the types of work and communication currently practised. Nevertheless, the company was well prepared with regard to its IT infrastructure, so that not only was the change from office to mobile working successful, but communication culture and media use were also able to adapt quickly. Most of the meetings of the Supervisory Board took place as hybrid meetings. Even the Annual General Meeting, which was postponed until the end of August due to legal restrictions, was – for the first time in Jungheinrich's history – held virtually without the physical presence of shareholders as permitted by law.

Cooperation between the Supervisory Board and the Board of Management

Once again, the Supervisory Board and the Board of Management worked together very closely and in a spirit of trust during the year under review. The particular challenges of the coronavirus crisis were a common thread running through

Hans-Georg Frey, Chairman of the Supervisory Board

the entire work of the Board of Management and Supervisory Board in the 2020 financial year. The Board of Management involved the Supervisory Board early on and extensively in the relevant matters of its work and the business activities of the company and all Group companies, enabling aspects that deserve attention to be discussed promptly. Furthermore, the Supervisory Board was updated in a timely manner based on detailed written and oral reports on the following topics: the impact of the Covid-19 pandemic on the company, its employees, customers and suppliers, the current market situation, the current and expected economic developments in the different regions around the world, the development of business in the different Group companies and their financial position – specifically by analysing key indicators, such as incoming orders, revenue, EBIT, margin –, the headcount trend and the status of capital expenditure.

The Supervisory Board and the Finance and Audit Committee also examined the risk and opportunity management system, the effectiveness of the internal control system, the monitoring of accounting and accounting procedures, the internal audit system and compliance within the company. Following a very intensive selection process, the Finance and Audit Committee also recommended that the Supervisory Board propose that PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Hamburg, be selected as the auditor for the 2020 financial year at the Annual General Meeting on 27 August 2020. The Supervisory Board and Annual General Meeting agreed with this proposal.

The Chairman of the Supervisory Board, also in his role as Chairman of the Personnel Committee, and the Chairman of the Finance and Audit Committee also reviewed important topics outside of the meetings in regular discussion with the Board of Management, in particular with the Chairman of the Board of Management and the Member of the Board of Management for Finance, and prepared points to be decided on in plenary sessions.

Main issues addressed in Supervisory Board meetings

The Supervisory Board convened on eight occasions in the 2020 financial year, and two resolutions were passed by written procedure. In almost every meeting, the Supervisory Board discussed individual agenda items without the presence of the members of the Board of Management. While this is not elaborated on below, the Board of Management reported in detail on the current business overview for the Group at each meeting, and a resolution was always passed on proposals of the Board of Management, of which only the most important are mentioned below. Information on personnel changes in the Supervisory Board and Board of Management is provided together following this section.

The Supervisory Board held an accounts meeting for the 2019 financial year on 17 March 2020 to review and approve Jungheinrich AG's annual financial statements and consolidated financial statements as of 31 December 2019. Furthermore, the Board of Management's planning for the 2020 financial year and the 2019 CSR Report were approved. An action plan with regard to the requirements of the Act Implementing the Second Shareholders' Rights Directive (ARUG II) and the new German Corporate Governance Code on the remuneration system for the Board of Management was approved in the form of the establishment of a working group consisting of members of the Supervisory Board and the Chairman of the Board of Management. In addition, it was decided – in view of the coronavirus-related requirements for meetings applicable in the Free and Hanseatic City of Hamburg – to postpone the Annual General Meeting scheduled for the end of April, together with the subsequent Supervisory Board meeting, until a later date. At the meeting, the employee representatives on the Supervisory Board, Ms Meike Lüdemann and Mr Rolf Uwe Haschke, who were retiring due to age on 31 May 2020, as well as Dr Klaus-Dieter Rosenbach, who retired from the Board of Management on 31 March 2020, were discharged.

Instead of the postponed meeting of the Supervisory Board following the scheduled Annual General Meeting on 28 April 2020, a meeting of the Supervisory Board took place on 8 May 2020 in the form of a Supervisory Board briefing, in which the Board of Management reported in detail on the current development of the company and some special topics.

In a workshop on 22 June 2020, as well as in two further meetings of the Supervisory Board on 21 September and 14 December 2020, the Board of Management and the Supervisory Board held intensive discussions on Strategy 2025+ and the various sub-strategies developed by the Board of Management.

At the meeting on 23 June 2020, the Supervisory Board approved the Board of Management's decision to hold the Annual General Meeting on 27 August 2020 without the physical presence of shareholders or their proxies (i.e. as a virtual Annual General Meeting), in accordance with Article 2, Section 1, Paragraph 6 of the Act Concerning Measures Under the Law of Companies, Cooperative Societies, Associations, Foundations and Commonhold Property to Combat the Effects of the Covid-19 Pandemic (Covid-19 Act), which came into force on 28 March 2020. As it had done at its meeting on 17 March 2020, the Supervisory Board again endorsed the Board of Management's proposal for the appropriation of profits for the 2019 financial year, which was unchanged from that meeting. The amendments to the Articles of Association to be proposed to the Annual General Meeting were adopted. The Board of Management's proposal for the company's participation in a company from the automation sector was approved. Furthermore, the meeting dates for 2021 were agreed.

Two resolutions by written procedure in August and October 2020 dealt with an extensive change in the use of existing real estate in a European country and the acquisition of an insolvent supplier due to its importance for the production plants.

At the meeting of the Supervisory Board on 22 September 2020, the basic structure of Strategy 2025+ was approved and resolutions were passed on proposals by the Board of Management on the sale of a plot of land and new product development.

At the meeting on 15 December 2020, various sub-strategies of Strategy 2025+ were discussed more intensively, whereupon the entirety of Strategy 2025+ was adopted and approval of the 2021 planning was prepared. This was then done as a follow-up to the meeting on 22 December 2020. In addition, for the upcoming elections to the Supervisory Board in 2021, it was decided that the minimum number of female members should be fulfilled separately by the shareholder representatives and the employee representatives, with the same target size as set by the legal requirement. Furthermore, the Supervisory Board approved the Board of Management's proposals on new product developments and measures under company law at subsidiaries. The Supervisory Board approved the Board of Management's proposal to also hold the Annual General Meeting on 11 May 2021 without the physical presence of the shareholders or their proxies and thus as a virtual Annual General Meeting, in accordance with Article 2, Section 1, Paragraph 6 of the Covid-19 Act, which came into force on 28 March 2020, in conjunction with the Ordinance of the Federal Ministry of Justice and Consumer Protection of 20 October 2020 on the extension of the measures under the Covid-19 Act. Among other things, a new remuneration system for the Supervisory Board is to be submitted to the Annual General Meeting for resolution and a new remuneration system for the Board of Management for approval. Finally, the Supervisory Board resolved on the declaration pursuant to Section 161 of the German Stock Corporation Act ("declaration of compliance") based on the recommendation of the Finance and Audit Committee.

In a resolution adopted by written procedure in February 2021, the Supervisory Board followed the recommendation of the Personnel Committee on the revision of the remuneration system for the Board of Management, which will be submitted to the Annual General Meeting on 11 May 2021 for approval.

Work of the Supervisory Board committees

The Finance and Audit Committee convened on six occasions in the reporting year, two of which were extraordinary. The committee specifically considered the change of auditor and all topics related to the annual and consolidated financial statements of Jungheinrich AG and the audit services (fee and order preparation, focal points of the audit, audit results, and additional audit services). The committee also carefully completed the tasks entrusted to it, including monitoring accounting and accounting processes, the effectiveness of the internal control system, risk management and internal auditing. The Committee also discussed the regular oral and written reports submitted by the Compliance Officer in detail and dealt with various compliance issues.

The Personnel Committee convened three times in the reporting year. The committee dealt with all tasks assigned to it on behalf of the entire Supervisory Board – particularly the orders as well as contract and remuneration issues for members of the Board of Management. The committee considered the issue of training successors for management positions within the Group in its usual thorough manner.

The Joint Committee, according to Section 27, Paragraph 3 of the German Co-Determination Act of 1976, did not convene.

Other information

With the exception of one meeting, which Mr Andreas Wolf was unable to attend due to illness, all meetings of the Supervisory Board and its committees were always attended by all members of the respective committee. In the reporting year, no conflicts of interest of Board of Management or Supervisory Board members arose that would have had to be immediately disclosed to the Supervisory Board.

Annual and consolidated financial statements as of 31 December 2020

The annual financial statements prepared by the Board of Management and the consolidated financial statements as of 31 December 2020 and the combined management report of Jungheinrich AG were audited by PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Hamburg (PwC). The auditors had no objections regarding the financial statements or the accounting, and confirmed this in their unqualified audit report.

The results of the audit performed by the auditors were the topic of meetings of the Finance and Audit Committee and of the Supervisory Board. The members of the Supervisory Board checked the Board of Management documents for the annual and consolidated financial statements in great detail using PwC's audit reports. As is also regularly the case, various members of the Supervisory Board attended the Finance and Audit Committee meeting for the preparation of the entire Supervisory Board's resolution regarding the 2020 financial statements. All members of the Supervisory Board approved the Board of Management's proposal for the appropriation of profits for the 2020 financial year. According to the audit's results, there are no objections to the internal control system, the risk management system or the compliance system. There were also no objections to the declaration of compliance pursuant to Section 161 of the German Stock Corporation Act.

Following its detailed inspection of the annual financial statements, consolidated financial statements and combined management report, the Supervisory Board had no objections to the financial statements and agreed with the results of the audit performed by the auditors in its accounts meeting on 25 March 2021. The Supervisory Board therefore approved Jungheinrich AG's annual financial statements and consolidated financial statements for the period ending 31 December 2020. Jungheinrich AG's annual financial statements as of 31 December 2020 are therefore finalised.

In its meeting on 25 March 2021, the Supervisory Board seconded the Board of Management's proposal for the appropriation of profits for the 2020 financial year.

The Finance and Audit Committee and the Supervisory Board have also addressed the combined non-financial (Group) statement as of 31 December 2020 that was prepared by the Board of Management. The Supervisory Board has taken note and approved of the Board of Management's consolidated non-financial (Group) statement.

Personnel

Mr Wolff Lange was again appointed to the Supervisory Board by the registered shareholder LJH-Holding GmbH for a full term of office, commencing at the end of the Annual General Meeting on 27 August 2020.

With effect from 31 May 2020, Ms Meike Lüdemann and Mr Rolf Uwe Haschke, both employee representatives on the Supervisory Board, retired from the Supervisory Board due to age. Mr Haschke was succeeded on the Supervisory Board by his substitute member, Ms Dagmar Bieber, for the remainder of his term of office. For Ms Lüdemann and for her remaining term of office, Mr Mike Retz, trade union secretary of IG Metall – Hamburg Region office, was legally appointed as a member of the Supervisory Board at the suggestion of IG Metall and at the request of the company.

Ms Sabine Neuß joined the company as a member of the Board of Management responsible for Technics on 1 January 2020.

Dr Klaus-Dieter Rosenbach left the Board of Management and the company at his own request at the end of 31 March 2020.

Dr Volker Hues was reappointed as a member of the Board of Management, responsible for Finance, for a further three years with effect from 1 April 2021 at the Supervisory Board meeting on 23 June 2020.

Mr Christian Erlach was reappointed as a member of the Board of Management, responsible for Sales, for a further three years with effect from 1 September 2021 at the meeting on 22 September 2020.

The Supervisory Board expressly acknowledges the exceptional performance of the Board of Management, senior executives and all employees in meeting the challenges of an extraordinary 2020 and would like to thank them all very much for their successful work.

Hamburg, 25 March 2021

On behalf of the Supervisory Board

H. G. Frey

Hans-Georg Frey
Chairman

MEMBERS OF THE SUPERVISORY BOARD

Hans-Georg Frey
Chairman
Membership of other supervisory boards/ regulatory committees:
Fielmann AG, Hamburg
HOYER GmbH, Hamburg
Blanc & Fischer Familienholding GmbH (previously E.G.O. Blanc und Fischer & Co. GmbH), Oberderdingen
Gottfried Schultz Automobilhandels SE, Ratingen (since 1 January 2021)

Markus Haase[1]
Deputy Chairman
Service Consultant at Jungheinrich Vertrieb Deutschland AG & Co. KG
Chairman of the Group Works Council

Dipl.-Ing. Antoinette P. Aris, MBA
Senior Affiliate Professor of Strategy at INSEAD (Fontainebleau/France)
Membership of other supervisory boards/ regulatory committees:
ASML N.V., Veldhoven/Netherlands
Randstad N.V., Diemen/Netherlands
Rabobank Group, Utrecht/Netherlands

Dagmar Bieber[1] (since 1 June 2020)
Business Manager
Quality Coordination Specialist at Jungheinrich Service & Parts AG & Co. KG

Dipl.-Ing. Rainer Breitschädel[1]
Head of Kaltenkirchen location at Jungheinrich Service & Parts AG & Co. KG
Executive Staff Representative

Birgit von Garrel[1]
Trade Union Secretary IG Metall Executive Board Administration, Frankfurt

Rolf Uwe Haschke[1] (until 31 May 2020)
Senior SAP Developer at Jungheinrich AG
Chairman of the Information Technology Works Council of Jungheinrich AG

Beate Klose
Business Graduate

Wolff Lange
Businessman
Managing Director of LJH-Holding GmbH, Wohltorf
Membership of other supervisory boards/ regulatory committees:
HANSA-HEEMANN AG, Rellingen (Chairman)
Wintersteiger AG, Ried/Austria (Chairman)

Meike Lüdemann[1] (until 31 May 2020)
Trade Union Secretary and Lawyer
IG Metall for the region of Hamburg

Mike Retz[1] (since 11 June 2020)
Trade Union Secretary
IG Metall branch office for the region of Hamburg

Dr Ulrich Schmidt
Business Manager
Managing Director of AWZ Asphaltmischwerke Verwaltungs-GmbH, Balingen

Steffen Schwarz[1]
Assembly worker at Jungheinrich Norderstedt AG & Co. KG
Deputy Chairman of the Group Works Council

Andreas Wolf
Business Manager
Managing Director of WJH-Holding GmbH, Aumühle

Committees of the Supervisory Board:

Finance and Audit Committee
Dr Ulrich Schmidt (Chairman)
Antoinette P. Aris (Deputy Chairwoman)
Steffen Schwarz[1]

Personnel Committee
Hans-Georg Frey (Chairman)
Markus Haase[1] (Deputy Chairman)
Rolf Uwe Haschke[1] (until 31 May 2020)
Wolff Lange
Steffen Schwarz[1] (since 1 June 2020)
Andreas Wolf
Antoinette P. Aris (non-voting member) (since 1 January 2021)

Joint Committee
Hans-Georg Frey (Chairman)
Markus Haase[1] (Deputy Chairman)
Birgit von Garrel[1]
Andreas Wolf

1 Employee representative.

MEMBERS OF THE BOARD OF MANAGEMENT

In addition to individual supervisory responsibilities in Group and associated companies, the members of the Jungheinrich AG Board of Management also sit on the following supervisory boards, the formation of which is a statutory requirement, and similar regulatory bodies in and outside of Germany:

Dr Lars Brzoska
Chairman of the Board of Management
Labour Director

Christian Erlach
Member of the Board of Management
Sales

Dr Volker Hues
Member of the Board of Management
Finance
Membership of other supervisory boards/ regulatory committees:
A.S. Création Tapeten AG, Gummersbach

Sabine Neuß
Member of the Board of Management
Technics
Membership of other supervisory boards/ regulatory committees:
Continental AG, Hanover
Atlas Copco AB, Stockholm/Sweden (until 18 May 2020)
Magazino GmbH, Munich (since 23 September 2020)

Dr Klaus-Dieter Rosenbach (until 31 March 2020)
Member of the Board of Management
Logistics Systems

NON-FINANCIAL DECLARATION ACCORDING TO THE CSR GUIDELINE IMPLEMENTATION ACT

As a globally leading provider of intralogistics solutions, we are responsible for our activities in Germany, Europe and the rest of the world from an economic, environmental and social viewpoint. Our conduct is based on our understanding of CSR: the successful combination of profitable growth with the needs of society and the environment. At Jungheinrich this enables us to create sustainable value together and meet our stakeholders' expectations.

! As part of a global society, we are aware of our responsibility and contribute to sustainable development.

For us, acting sustainably means:

- Sustainability as an integral part of all corporate processes and management systems
- Supporting customers in their sustainability goals
- Corporate sustainability – achieving growth with three-dimensional value creation (economic, environmental and social)
- Developing sustainability – enhancing products, solutions and business models
- Transformation to a sustainable corporate culture

Initiative "50 Sustainability & Climate Leaders"

Jungheinrich has joined the 50 Sustainability & Climate Leaders initiative, a group of global leaders in sustainability and climate action. The 50 international companies from different industries participating in the campaign have set themselves the goal of taking a leading role in the fight against climate change and thus contributing to the achievement of the 17 United Nations Sustainable Development Goals (UNSDGs).

EcoVadis gold status

For several years, Jungheinrich has been participating in the independent sustainability rating from EcoVadis. Once a year the company is evaluated in the categories environment, labour and human rights, ethics, and sustainable procurement. This helps us measure our sustainability performance and make it transparent, and continuously improve our performance by analysing the evaluation results. For the second time in a row, we achieved Gold status and were able to further improve in all areas. EcoVadis particularly recognised Jungheinrich's commitment to environmental protection. Receiving gold status is both a confirmation and motivation: It represents recognition for our work and drives us to keep setting ambitious targets in the future.

CSR at Jungheinrich

Quality, environment, energy and work safety

On the same page: We depend on our employees' cooperation in quality, environment, energy and work safety issues. They are, therefore, kept well informed and involved. This applies equally to all company divisions, activities and processes.

Improvements need targets. We set Group-wide targets as well as site and area targets. In order to achieve our targets, we implement appropriate measures and regularly monitor their effectiveness.

Further information and details on sustainability can be found in our website's Responsibility section.
www.jungheinrich.com/en/responsibility

Meeting demands

102-11 A central part of CSR in our company involves avoiding negative effects for people and the environment. We have, therefore, firmly established a precautionary approach in our Group guidelines and processes for quality, environment and energy, work safety and compliance issues. It is our aim not just to fulfil statutory requirements but to exceed them wherever possible.

Climate change has become much more severe in recent years and decades, and with it the impact on people and the environment. With employees and locations in more than 40 countries, we are aware of the special challenge we face here. Because of our own aspirations and our understanding of values, we have integrated climate protection into our new Strategy 2025+ page 45 ff. and set our own climate targets. In the future we will be working harder to determine what implications climate change has for our company, which risks are associated with them and how we address those risks.

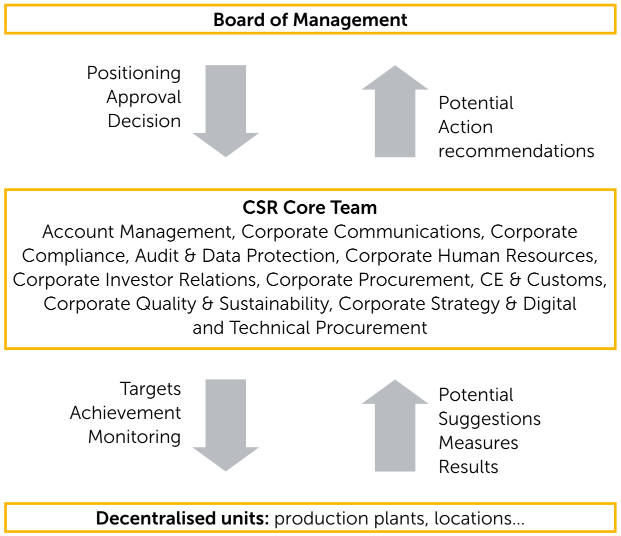
102-1; 102-48; 102-49; 102-50; 102-51; 102-52 In this chapter "Non-financial declaration according to the CSR Guideline Implementation Act", Jungheinrich describes economic, environmental and social aspects within the company and their impact in financial year 2020 (1 January to 31 December). It covers all employees of the Jungheinrich Group (as of 31 December 2020). Deviations are indicated in the document.

The chapter is also the combined separate non-financial declaration for the Jungheinrich Group and Jungheinrich AG for the 2020 financial year.

We also take into consideration the demands of our internal and external stakeholders. This involves evaluating risks and opportunities and the effectiveness of processes (Purchasing, Development, Production, Sales, Personnel, etc.), making necessary resources available and constantly improving performance.

How CSR is managed at Jungheinrich

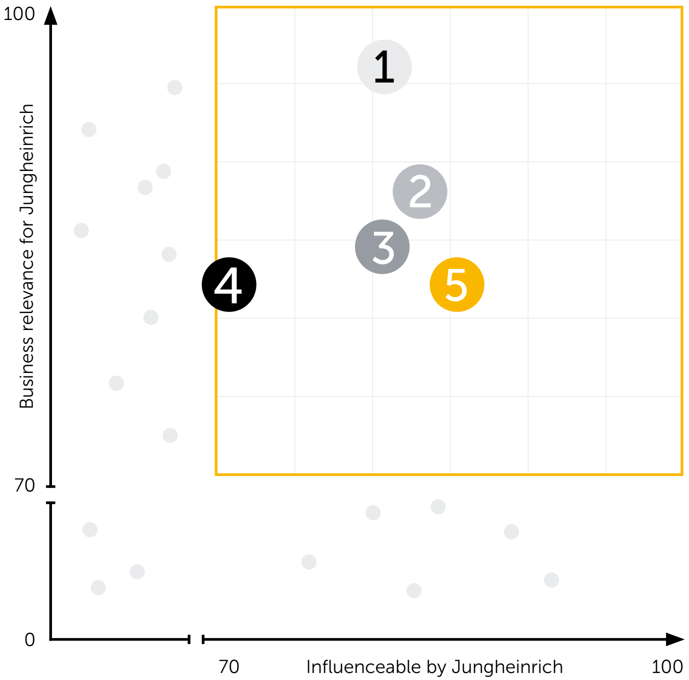
102-18; 102-20



In 2016, we created the "CSR Core Team" to manage the various CSR-related issues within the Jungheinrich organisation. The interdisciplinary team, comprising members from Account Management, Corporate Communications, Corporate Compliance, Audit & Data Protection, Corporate Human Resources, Corporate Investor Relations, Corporate Procurement, CE & Customs, Corporate Quality & Sustainability, Corporate Strategy & Digital und Technical Procurement divisions, recommends courses of action and suggests targets. This organisational structure enables us to successfully integrate CSR in our company. The core team occupies a key role as an intermediary between the business units and the Board of Management. Decisions for the Board of Management are prepared and discussed under the leadership of the Corporate Quality & Sustainability division. Different departments contribute to a holistic understanding of sustainability and provide specialist input. Beyond this, more input comes from the production plants, sales units and other locations. After all, they are the ones who will carry out suggestions approved by the Board of Management.

Materiality matrix

102-47



Material topics for Jungheinrich

1. **Economic responsibility**
   Acting within the law
   Compliance & corruption
   Responsible management
   Norms & standards
2. **Environmentally friendly & safe products**
   Materials (resource-saving products)
   Environmentally friendly products
   Customer health & safety
   Customer satisfaction, competitive standing, R&D
   Product quality & enhancement
3. **Transparency & responsibility in the supply chain**
   Material compliance[1]
   Transparency in the supply chain
4. **Environment & energy**
   Energy (consumption & renewable energies)
   Waste & recycling
5. **Secure & good jobs**
   Occupational health & safety
   Training and development
   Good employer

1 Material compliance: compliance with substance prohibitions.

Materiality analysis

102-46 We updated our materiality analysis in the 2018 financial year. Various sources of information[1] were used to determine which topics are material for Jungheinrich in terms of sustainability. The topics identified as part of this process were evaluated by our key stakeholders and internal experts with regard to their business relevance and the extent to which they can be influenced. 17 out of the 33 topics were rated as being particularly relevant for the company and each achieved more than 70 points (out of 100) in our materiality analysis. They were then grouped into five focus areas. The outcome is shown in the materiality matrix page 14.

Our sustainability strategy

Jungheinrich unveiled its corporate Strategy 2025+ in November 2020. As one of the four cross-functional strategies[2], the sustainability strategy will significantly determine the company's direction in the future and forms the foundation for cooperation at Jungheinrich and its impact. The relevance of the sustainability concept is also emphasised by the central Group goal of "Creating sustainable value". The contents of the sustainability strategy were developed together with an interdisciplinary team. This has four focal points, which in turn are subdivided into various initiatives and measures:

- **Climate neutrality:** We aim to gradually become carbon neutral in Scopes[3] 1 and 2 and in all Scope 3 categories relevant to Jungheinrich. We have chosen the "control approach" to define the scope. This means that we are wholly responsible for climate neutrality for the operations and sites we control. In order to achieve this ambitious goal, we will first focus on data transparency and a uniform database.

  Important steps for Jungheinrich towards carbon neutrality are the purchase of green electricity[4], the use of electric vehicles, more efficient manufacturing technologies and a modern building infrastructure. Jungheinrich will offset the remaining unavoidable CO_2e emissions[5] with selected projects. Here, the quality of the offsetting service is of primary importance to us. Therefore, we will only offset our emissions with projects that are certified to the highest standards.

  A significant part of our emissions is generated in Scope 3. In addition to business travel and our employees' commutes, the production (including the supply chain), use and disposal of our products and solutions in particular make up the largest source of emissions. Jungheinrich will also take responsibility here and contribute to sustainable change by looking at these indirect emissions and contributing to their reduction.

- **Systematic sustainability management:** In order to implement the developed plans, ideas and visions of Jungheinrich's sustainability strategy, comprehensive management with regulated processes and clearly defined responsibilities is required. With a stringent sustainability management system, we will control our goals, key figures and measures across the Group. The Corporate Sustainability & Environment department will assume the central management function and link the specialist expertise of various employees at Jungheinrich with the individual measures and initiatives. This interdisciplinary approach will enable Jungheinrich to integrate sustainability into all decision-making processes and take a holistic perspective to shape each area of the business accordingly.

- **Transparency and responsibility in the supply chain:** In our globalised world, there are different labour standards, and together with our partners we focus on their improvement. For Jungheinrich, responsibility for products does not start at the factory, but far ahead of the production start. As part of our Strategy 2025+, we are intensifying our activities to make the supply chain for our products more sustainable. The focus here is on strengthening our processes as well as minimising possible risks and on supporting the achievement of our goals, such as reducing CO_2e emissions in the production or transport of purchased parts. Our goal is to work with our business partners to advance the sustainability of our products and set important standards in relation to the supply chain.

1 We used the following external sources: customer enquiries, EcoVadis, German Commercial Code (Handelsgesetzbuch), ILO core labour standards, ISO 14001, ISO 50001, ISO 45001, competitors, MSCI, UN Principles for Responsible Investments. We used the following internal sources: experts in matters relating to the environment, occupational safety, development, innovation and IT security.
2 Strategy 2025+ is made up of four cross-functional strategies (brand, portfolio, digital and sustainability strategy) and eight function strategies. Further information on Strategy 2025+ can be found in the combined management report page 45 ff.
3 Emissions are divided into three different scopes: direct (Scope 1), indirect (Scope 2) and further indirect (Scope 3) emissions. An overview of all three scopes can be found on page 28.
4 Electricity of renewable energies should be sourced wherever the market and government allow.
5 CO_2e = CO_2 equivalent: A unit of measure that shows the greenhouse effect of various gases as equivalent to CO_2.

» **Sustainability in the Jungheinrich brand:** The sustainability mindset has always characterised the Jungheinrich brand, as we have been producing electric trucks for over 60 years. In 2020, 98 per cent of our trucks (based on unit numbers in incoming orders) were battery-powered and a rapidly growing proportion of these are equipped with modern lithium-ion technology. Together with our suppliers, customers and investors, we want to create added value for our environment and society and show that you can continue to rely on us in the future. We are the right partner for best advice on sustainable products, to herewith support our customers in reaching their goals. In doing so, we are driven by our goals and visions. By 2025, we want to achieve a lithium-ion equipment ratio of more than 70 per cent of our trucks sold (likewise based on unit numbers in incoming orders). In doing so, Jungheinrich wants to make a decisive contribution to more sustainability in intralogistics. Creating consistently sustainable products is a challenge that we are happy to take on. For this undertaking, it is all the more important that we actively involve all employees and, in line with our mission "Born electric. Moving the future. Creating sustainable value." allow them to participate in shaping the future of the company. Because only together will we succeed in ensuring that climate-neutral intralogistics solutions are not just the future, but the present.

In dialogue with our stakeholders

102-42; 102-43; 102-44 We believe the close exchange with various stakeholders is an important part of our understanding of sustainability and our business model. Our customers show us directly what the markets expect from us, how we can support them with their sustainability targets, and what their demands are. Topics like corruption, occupational safety, the environment, energy and transparency in the supply chain are becoming increasingly relevant. We actively encourage this communication. We also maintain contact with other stakeholders via direct discussions, online platforms, surveys and events. To this end, we are able to increase satisfaction in stakeholder groups and create long-term relationships. To achieve this goal, we exchange information with a range of public and private institutions and other companies.

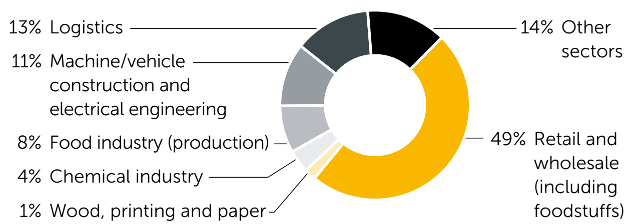
102-40 Stakeholders are weighted according to the relevance of their business operations to Jungheinrich. This includes those who have direct contact with our products, those affected by processes at our locations or those who have any other connection to our company. The most important stakeholder groups for Jungheinrich are therefore customers, suppliers, employees, investors, competitors and associations.

Business model and customers

102-2 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. Combined with a comprehensive range of financial services, Jungheinrich is pursuing the goal of creating value sustainably with its Strategy 2025+.

Customers by sector[1]

102-6



1 Incoming orders in units.

RESPONSIBILITY AND VALUES

We not only feel obliged to take responsibility for social issues – it is a part of our corporate philosophy. We therefore support charity initiatives and promote the education of young people. With our commitment, we make an important contribution to society. We also believe that good corporate governance involves not merely fulfilling legal requirements and internal regulations but exceeding them. Our compliance management system and well-trained employees are crucial to achieving this.

Dealing with the Covid-19 pandemic and key measures

2020 was significantly marked by the global outbreak of the Covid-19 pandemic and its impact on almost all areas of life. For Jungheinrich, too, the pandemic was the biggest business challenge in the company's history, and has had an impact on the company's day-to-day business since mid-January 2020.

At the same time, it has become clear that with our products, solutions and services, such as our after-sales services, we are making a significant contribution to ensuring primary care for the population during this extraordinary time and can therefore be seen as system critical. For example, our forklift trucks are used to operate the distribution warehouses of the food retail and pharmacy trade, as well as in the distribution of vaccines. They ensure the smooth flow of goods in the distribution centres as well as in the local markets.

Protecting the health of our employees and ensuring the ability to deliver to our customers are Jungheinrich's top priorities during this extraordinary time. Jungheinrich has therefore adopted and implemented extensive measures to protect employees from infection:

» **Establishment of crisis teams**
We have set up crisis teams across the Group very early in 2020, in which the situation was analysed on a daily basis, further action was discussed and necessary measures were decided. The crisis teams are staffed with members of the central administrative divisions and departments (such as Corporate Human Ressources, Corporate Procurement, CE & Customs, Facility Management, Sales, Technical Procurement and Technics) and the occupational safety specialist, among others. When selecting the members of the crisis team, care was taken to ensure that the relevant employees were selected and trained as well as possible. The crisis teams also actively and continuously inform employees and initiate adjustments and additions to the measures taken in the event of changes in the relevant requirements.

» **Introduction and expansion of existing occupational safety and hygiene concepts**
In the course of the Covid-19 pandemic, all existing hygiene and occupational safety concepts were expanded in order to meet the pandemic-specific requirements of the law and the supervisory authorities. The implementation of these concepts is reviewed regularly. In addition, all employees are regularly and comprehensively informed about all updates of these concepts and resulting codes of conduct, and their compliance is required. Communication takes place in such a way that all employees are reached in the best possible way, in particular through personal contact by managers, publications on the intranet, passing on information by e-mail and by posting physical notices. In addition, external staff and employees of external companies, such as suppliers, are being informed about the regulations we have in place to deal with the pandemic.

» **Risk analysis of workplaces**
Workplaces throughout the Group were inspected and risk assessments were carried out, if necessary with the participation of the occupational safety specialist, the works council and the company doctor. Subsequently, among other things, a maximum occupancy was defined and prescribed. Where necessary, all workplaces were adapted to the applicable distance and hygiene regulations.

» **Measures for activities with increased risk of infection**
An examination was carried out of which activities or areas are or could be at increased risk of infection within the framework of the risk assessments described above. Activities and areas with an increased risk of infection were identified and marked. In relation to these activities, additional measures were taken to ensure the health of the employees concerned, such as the provision of disinfectants and medical masks.

Social commitment

Jungheinrich supports initiatives and projects that are in line with our company's philosophy and core competencies. We have a long-term commitment to education, young talent in science and charity projects. All activities – both national and international – are coordinated at the Group headquarters in Hamburg. Individual Jungheinrich locations also support local initiatives.

Jungheinrich has had a long-running partnership with German medical aid organisation action medeor e.V. www.jungheinrich.com/en/responsibility/social-responsibility/action-medeor since 2012. As the "world's emergency pharmacy", the organisation has been committed to sustainably improving the health of people living in the world's poorest regions since 1964. In addition to donating money and supplies, we also provide our expertise in intralogistics. With Jungheinrich's support, the organisation has established multiple drug storage facilities in Tanzania and Malawi and expanded its storage facilities at the action medeor headquarters in Tönisvorst/Germany.

In addition, Jungheinrich employees collect donations as part of the company's internal "Donate your Pennies" campaign. With this voluntary programme, employees can donate the small change behind the decimal point from their monthly pay. This money is then donated to charity projects chosen every year. The total amount raised by the end of the year is doubled by the Board of Management and donated, including the tax benefit, to action medeor. Outside of Germany, Jungheinrich companies in Austria, Italy, Portugal and Spain also participate in this campaign.

In addition, our employees also volunteer for other charitable causes by contributing their expertise or participating in fundraising events. This includes cash donations for special occasions, active support for Christmas fundraising events for social institutions like Die Arche – Christliches Kinder- und Jugendwerk (a Christian charity for children and youths) in Hamburg and a variety of donations in kind, such as donations of trucks for the voluntary fire brigade at various locations.

In the 2020 financial year, we specifically supported coronavirus-related projects with our donation activities:

- In Tanzania and the Democratic Republic of Congo, we contributed to, among other things, the procurement of protective materials and medical equipment for the treatment of Covid-19 patients through our "Donate your Pennies" campaign.
- We supported Die Arche in Hamburg-Jenfeld in various ways during this very challenging time, with many sporty Jungheinrich employees taking part in the "hella hamburg half marathon" – digitally for the first time because of the coronavirus – and making a donation to a good cause.
- We were able to support Hamburger Tafel e.V. with a special truck donation. The coronavirus pandemic meant that Jungheinrich AG's shareholders' meeting could not take place as a face-to-face event this year. This also meant that the traditional meal for the shareholders following the Annual General Meeting was cancelled. Jungheinrich has now donated the money saved for this to the Hamburger Tafel in the form of an EJC 220 electric pallet stacker.

In addition, we have supported the acute need for protective materials regionally in the spring of 2020 and, among other things, donated 2,000 FFP2- and FFP3-masks to the Marienkrankenhaus hospital in Hamburg and the rescue service in the federal state of Schleswig-Holstein. At individual Jungheinrich locations abroad, such as in China, Italy and Hungary, the company in turn helped with the logistical challenges of distributing goods locally by deploying trucks. The Hamburg Football Association was pleased to receive special support. In time for the resumption of match fixtures in late summer 2020, Jungheinrich donated around 5,000 footballs, which were distributed to various amateur teams.

Following the rules and regulations

102- 16 Jungheinrich's business model is based on the responsible and ethically proper conduct of all people who work for the company. Only then can our customers, suppliers, employees, shareholders and all other stakeholders perceive and respect us as a reliable partner. We have introduced organisational structures and processes that we continually adapt. We ensure compliance with laws and regulations through:

- A compliance management system with clear responsibilities both at the Group headquarters and in the operating units (production plants, sales units),
- A Code of Conduct as an integral part of our corporate compliance guidelines that is binding for all employees, including Jungheinrich's Board of Management and the Supervisory Board,

- A whistleblowing system ("Jungheinrich Open Line") where open questions and breaches of rules can be addressed personally or anonymously,
- Group-wide compliance training for all employees that takes place at on-site events or through our internal LMS (Learning Management System) platform "CAMPUS".

419-1 In recent years, no significant official investigations have been launched against Jungheinrich or its managers/executive bodies that have resulted in fines.

Consistent Code of Conduct

205- 2 Jungheinrich's guidelines, binding rules and standards are made centrally available to employees – including guidelines on dealing with issues relevant to compliance. These guidelines outline the procedure for dealing with suspected or actual violations of legal requirements or internal regulations. This includes the Code of Conduct, which is applicable throughout the company and requires all employees to observe legal regulations and standards. The Code of Conduct also outlines the flawless conduct we expect of all employees when it comes to competition law. The main topics covered in the Code of Conduct are anti-corruption, competition law and data protection. In the reporting year, a completely revised version was published for our employees on the intranet and for external third parties on the internet.
www.jungheinrich.com/en/compliance

Informational events on compliance

205-2 In order to promote correct and appropriate conduct, the Corporate Compliance, Audit & Data Protection division organises on-site training events for our employees. In 2020, there were 13 compliance briefings (2019: 19). In addition to on-site events, Jungheinrich has also made various compliance e-learning modules available since 2016. These modules are available to the entire Group. In principle, all employees are regularly trained in various ways. We aim to continuously expand the training approach and also track training success. The course content includes competition law, data protection, anti-corruption, information security and our Code of Conduct. After our e-learning modules were rolled out across the Group, new e-learning modules are in preparation for 2021.

We provide information and seek to raise awareness among our employees about compliance principles in various risk areas. The information regarding anti-corruption and competition law is also specific to individual target groups. The production plants and sales locations also organise more in-depth informational events with topics relevant to the location. We also expect our business partners to adhere to our compliance regulations and we have provided training for them via "CAMPUS" since 2019. In addition, we regularly notify our Supervisory Board of compliance-relevant issues.

Assessment via Corporate Audit

205- 3 As a rule, all potential cases of suspected statutory and/or internal regulation breaches are initially reviewed by the Chief Compliance Officer and the head of the central Compliance department. Further steps are taken if necessary, such as receipt audits, personal interviews and disciplinary measures. No corruption cases were reported in the year under review (2019: 0).

205 -1 In order to prevent corruption, all Jungheinrich locations are monitored for risk signals by the Corporate Compliance, Audit & Data Protection division. A standard part of the process is checking documents and financial transactions. Due to the coronavirus, the audits originally planned for 2020 could only be carried out partially or in an adjusted form. In order to protect our employees, the audit plan was changed accordingly and focused on audits that could be carried out either purely online or in a hybrid fashion. In the 2020 reporting year, 12 audits were conducted (2019: 24).

Clearly defined reporting channels – in person or anonymously

We are committed to providing firmly defined, clearly communicated Group-wide reporting channels for all issues concerning compliance topics and suspected violations. A hotline has been set up to supplement the established reporting channels, i. e. reporting to a direct supervisor, local personnel manager or compliance officer and/or the central compliance team. The hotline number has been communicated to the entire Group and the number has also been made available on our website for external notifications since 2019. www.whistle-blow.org This additional reporting channel provides employees and external third parties with another means to report potential compliance topics to a service provider and anonymously receive information regarding the correct conduct.

High data protection standards

Complying with privacy rights and protecting company secrets are crucial to Jungheinrich. We have guidelines in place to ensure that protection standards are maintained and legal regulations (EU law) observed when handling private data. In addition, responsibilities are regulated to ensure our standards are met.

We also place the same high expectations on our suppliers and sales partners when it comes to compliance and data protection. Aside from ethically correct conduct, we also expect suppliers and sales partners to adhere to standards that are comparable to the standards we have defined for ourselves. This includes guaranteeing the basic principles of free and fair competition, ensuring data is protected, and preventing corruption. That is why we have integrated these points in our general supplier agreements and require explicit confirmation that the relevant laws and provisions will be observed.

Transparency and responsibility in the supply chain

308-1; 408-1; 409-1; 414-1

Our goal is to bring successful products to market alongside our suppliers. The best prerequisite for this is a long-term cooperation based on partnership. A careful selection of suppliers is the basis for guaranteeing our outstanding product quality.

Before a manufacturer becomes a Jungheinrich supplier, it has to meet approval criteria that are consistent throughout the entire Group. The supporting pillars here are the Supplier Code we developed and the Supplier Manual. These documents set out all the requirements that Jungheinrich places on its contractors in terms of sustainability and the way they work together.

In 2020, we anchored our "Sustainable Supply Chain Management" concept for more responsibility in the supply chain even more firmly in our processes, in our organisation and with our key suppliers. Both existing and new suppliers have been risk-classified with regard to environmental, economic and social criteria since 2019. Depending on the supplier risk category, measures are defined that can range from acceptance of the "Supplier Code" referred to above to the performance of self-assessments and internal or external audits.

Among other things, this classification takes into account the type of goods supplied or services rendered, as well as the revenue generated with the supplier concerned. The basis for this is our commodity group analysis, in which we have subjected our more than 250 commodity groups to a CSR risk classification according to previously defined criteria. This enables us to focus on the most important suppliers.

In order to implement the concept in the supply chain, supplier qualification and procurement processes were adapted. The key suppliers now undergo a CSR self-assessment, which we carry out with the support of the CSR platform from Integrity Next. In the current reporting year, over 500 suppliers participated in the CSR self-assessment. These suppliers represent more than 50 per cent of our global purchasing volume. The contents of the CSR Self-Assessment are:

- anti-corruption and anti-bribery
- occupational safety
- energy management
- conflicts of interest
- human and labour rights
- environmental protection and
- responsibility in the supply chain.

The results are analysed and evaluated by company internal sustainability experts. Based on this, further measures may be agreed upon with the departments responsible.

As an example of a supplier profile, you can take a look at the Jungheinrich profile on Integrity Next. www.integritynext.com

Our goal is to significantly increase transparency in the supply chain in the foreseeable future and to focus more on sustainable procurement. "Sustainable Supply Chain Management" is therefore an integral part of the sustainability strategy developed as part of Jungheinrich's Strategy 2025+.

PRODUCT DEVELOPMENT, QUALITY AND SAFETY

At Jungheinrich, product responsibility means supplying high-quality, safe products and services. We therefore set the highest safety standards. Ongoing process optimisation and the introduction of new technologies are commonplace in our working day. We aim to protect our customers to the best of our ability from any possible harm they may come to when using our products. We also aim to provide the latest technology to the benefit of our customers.

Holistic quality management

Jungheinrich has adopted a systematic approach to quality management. Our development projects, for example, have to reach set milestones at which certain quality criteria are checked.

A crucial element of developing safe products is to consider and fulfil external and internal stakeholder demands. This can be achieved by taking a comprehensive view of all relevant areas from the product's development to use phases.

Our production plants in Norderstedt, Lüneburg, Moosburg, Degernpoint, Landsberg, Dresden, Gyöngyös (Hungary) and Qingpu (China) all work with an ISO 9001-qualified quality management system to ensure that we are ideally positioned from a quality standpoint.

All of our production plants systematically check parts that are purchased during an incoming goods inspection. If there are any abnormalities, the inspection cycle is automatically intensified. We observe suppliers' performance based on performance indicators such as timeliness and quantities rejected which are regularly verified. Our long-term target is to help our suppliers develop to the point that the scope of checks on incoming goods can be further reduced. We have adopted a preventative approach to achieve this.

The Central Operations, Corporate Quality & Sustainability and Technical Procurement divisions work closely to achieve Jungheinrich's key strategic goals. A centralised quality organisation standardises processes and defines the consistent quality levels expected of suppliers.

Set standards for in-house production

Jungheinrich is synonymous with quality – that is why we have the highest standards in all production areas. We have clearly defined quality standards, particularly when it comes to producing and assembling parts or components that are designed to ensure security and/or functionality. One of our most important manufacturing processes is welding. It is crucial to our products' load-bearing structure, such as the truck frame or lifting frame. We take full responsibility for this. The inspection of welding joints is a fixed step of the manufacturing process at every Jungheinrich production plant and at defined intervals in the laboratory (destructive testing).

We regularly check that our welding quality standards – such as welding joint inspections – meet the ISO 3834-2 standard as part of our plant-specific welding management systems.

In the area of production, we also rely on innovative possibilities to standardise processes and procedures. For example, the inspection of relevant truck and equipment features is carried out via a digital application that provides employees with the necessary information on mobile devices. This means that checklists are paperless and can be provided and processed individually. If problems or deviations are detected, these can also be recorded on mobile devices and directly addressed to the appropriate internal or external departments for troubleshooting.

Comprehensive control mechanisms

416- 1 The passing of control points after every important manufacturing step is standard procedure in the production plants. In prefabrication, there are a number of control points where random geometry checks are performed along with the normal inspections that the employees carry out. Along with safety-relevant functionalities, such as braking, steering, lifting and driving, product quality is also checked thoroughly during and at the end of assembly. Random checks are performed here, too, where issues such as structural stability of the truck are examined and, in addition, regular, comprehensive audits take place, which are performed by quality assurance in cooperation with the development, after-sales services and production departments. Components relevant to safety and functions, such as lifting frames, are thoroughly tested at workstations specifically designed for this purpose.

Systematically recording, evaluating and analysing errors in all production areas caused by the company or third parties allows for continual improvement, which is tracked by performance indicators.

Proactive approach to standardisation processes: a strategic task

102- 13 Jungheinrich considers being proactive in standardisation processes an important strategic task. Standards provide legal clarity, for example, by defining central safety requirements for material handling equipment. This enables us to minimise risks of error and prevent accidents. Applying standards also facilitates export and ensures level playing fields between suppliers. Common standardisation processes also enable standards to be checked for practical application and product optimisation to be achieved in research associations.

Standardisation processes are an important basis for increasing our products' safety and reliability even further. The standardisation processes are therefore a vital element of CSR at Jungheinrich. Adhering to standards ensures our products' user-friendliness and also covers aspects of work safety. For instance, we were involved in the further development of ISO 3691[1]. Adhering to all laws and standards relevant to safety issues (such as the machinery directive, EMC Directive[2] and complying with internal ergonomic and safety requirements) are obligatory at Jungheinrich at all stages – starting with product development.

Among others, Jungheinrich is a member of the following trade associations: the Verband Deutscher Maschinen- und Anlagenbau (VDMA – Mechanical Engineering Industry Association), the Verein Deutscher Ingenieure (VDI – Association of German Engineers), the International Organization of Standardization (ISO) and the Deutsches Institut für Normung (DIN – German Institute for Standardisation).

1 Material handling equipment safety.
2 Directive 2014/30/EU regarding electromagnetic compatibility.

WE HAVE AN EYE ON OUR TRUCKS EVERYWHERE

The direct sales organisations with their own after-sales services in 40 countries worldwide represent an important aspect of the Jungheinrich business model. The dense service network ensures both permanent market observation and direct on-site support for our customers – the basis for our maximum reaction speed in the event of product malfunctions.

We closely evaluate the service reports of our after-sales service technicians with system support and determine optimisation measures to improve safety and reduce downtimes for our products. Jungheinrich has established responsibilities for problem reporting, mistake analysis and solution finding in a binding process that is valid across the Group. We use the transparency and evaluation of the data to the best of our ability to recognise mistakes in time and use corrective measures to prevent them in series and in trucks already in service depending on the case. Our proven processes also take effect in the event of accidents involving a Jungheinrich product. The systematic evaluation of incident reports shows that the majority of accidents are caused by incorrect handling of the product, for example when taking on loads or by problems in the storage facilities' organisation. This knowledge allows us to offer the appropriate customer support, such as driver training. Intelligent assistance and safety systems and automated solutions also play an increasingly important role when it comes to increasing customer work safety. Which safety solutions exactly we offer can be read in the subsequent section "360° protection".

360° PROTECTION

A whole number of solutions help make our products safer. The following describes how our 360-degree protection concept protects people, goods, warehouse equipment, machinery and data.

1 Protecting people

Our end-to-end safety concept protects people in the warehouse from collisions with trucks or other accidents. We offer a number of truck options that make our products safer to handle.

The smart system for recognising people uses stereo cameras on the rear of the truck to detect the distance between the truck and individuals or objects in the warehouse. Drivers are warned both acoustically and visually if there are people in the danger zone behind the truck. The "zoneCONTROL" option enables location-dependent speed restriction for trucks. By way of an example, the truck brakes in danger zones, such as ramps or footpath crossings. "addedVIEW" is a panorama view provided by digital cameras which gives the truck operator a better overview, including a bird's eye view, thus improving the safety and ergonomics for the driver.

2 Protecting goods

Every day, our trucks are used to move high-value goods. Various assistance systems help transport them safely and save both time and costs. In addition to a load indicator in the truck display that provides information on the current load weight, we offer various lift, fork and speed assistance systems to equip trucks with customised features. The optional "curveCONTROL" automatically reduces the truck speed when cornering, depending on the load and the steering angle.

3 Protecting warehouses and warehouse equipment

Our preventative services help our customers avoid risks resulting from damaged warehouse equipment, such as racks. We have our own in-house rack inspectors who have been approved by the corresponding industry association and have the specific expertise needed to perform professional inspections according to the European Norm EN 15635. These inspections can be carried out during ongoing operations.

4 Protecting machinery

We aim to ensure that Jungheinrich trucks are always safe and ready for use. This is another area in which we support our customers with a large variety of specifications. An installed Jungheinrich shock sensor can determine how the truck reacts to shocks and accidents and prevents further damage by analysing the collected data.

The heavy loads handled by our forklift trucks on a daily basis call for particularly sensitive maintenance and services. In addition to general maintenance, we also provide services that are critical from a safety perspective. These include tests such as FEM 4.004[1], exhaust emission checks or gas checks.

5 Protecting data

In times of increasing digitalisation and interconnectivity, our digital solutions, such as ISM Online, are also increasingly drawing buying interest. The system collects, monitors and analyses fleet data. In order to protect our customers from hacking attacks, it is a top priority for us to ensure that our digital solutions meet the very highest security requirements. We have our software and web applications certified by independent experts in order to achieve this.

6 More security with lithium-ion batteries

Compared to lead acid batteries, lithium-ion batteries offer significant advantages for our customers: Once installed, the batteries are ecologically non-toxic, harmless to handle and, unlike lead acid batteries, do not release gas. They are also extremely resistant to external influences, such as heat and strong vibrations. In order to increase safety for our customers even further, we have developed our own battery management system, which monitors the function of each cell and will power down the lithium-ion battery in the event of danger.

In addition to the various environmental and safety advantages, our lithium-ion batteries stand out, first and foremost, by virtue of their performance, fast charging times and the fact that they do not need to be maintained. Their charging time is reduced to the record time of 80 minutes[2] and they do not need to be changed. More information on lithium-ion technology at Jungheinrich is shown on our website.

www.jungheinrich.com/en/stories

1 TÜV inspection and certification for forklift trucks.
2 Between 6 and 7.5 times faster than lead acid batteries.

EMPLOYEES

Our employees are the backbone of the Jungheinrich Group. We believe that good employers encourage their employees to identify with the company and its targets. A family-friendly work environment, active promotion of health, and positions with personal responsibility and good prospects form the basis of our pursuit of a satisfied and motivated team.

Jungheinrich as an employer

102-8 Global yet local: Even as a Group with more than 18,000 employees in Germany and abroad and despite its exponential growth over the last few years, Jungheinrich has managed to retain the character and advantages of a family--run company. This is especially reflected in the way we treat our employees. Our corporate values of courage, innovation, trust, passion and entrepreneurship are based on reciprocity.

Our unique attitude towards leadership, based on the deepest trust in our employees, has always characterised Jungheinrich. Our company founder, Dr Friedrich Jungheinrich, summarised this attitude with only three words: "Go for it!" With this catchphrase he encouraged his employees to try out their suggestions and ideas, and to be active members of the company. We have translated and future-proofed this message in our current management guide, the "Jungheinrich Way of Leadership".

401-1 Each employee contributes to our overall success with their dedication. Outstanding products and highly skilled employees make Jungheinrich a secure and attractive employer over the long run. Our average period of employment of around ten years[1-4] and low employee turnover demonstrate loyalty and attachment to Jungheinrich. The global staff turnover figure comes to 3.7 per cent[2,5-8] (2019: 6.2 per cent). In absolute terms, this equates to 672 employees leaving the company [2,5-8] (2019: 1,117). The sharp decline in departures initiated by employees is related to the Covid-19 pandemic, because it has led to an unsecure labour market situation.

Gaining and retaining skilled employees

102-8 Society's changing attitudes in favour of sustainability, along with the demographic changes, mean that we face new challenges when it comes to gaining the most talented candidates for our company. We aim to fulfil employees' expectations regarding personal development and work-life balance to the best of our ability. Flexible working-time models, company pensions and training offers are the incentives we use to increase employee loyalty and win new employees. We aim for long-term relationships, as demonstrated by the fact that 98.7 per cent[4,6] of employees have permanent contracts with Jungheinrich (2019: 98.2 per cent).

International trainee programme

In 2020, for the sixth consecutive year, our international trainee programme, "Jungheinrich International Graduate Programme" (JIG) for training junior managers, received the "Career-enhancing, fair trainee programme" quality certificate from ABSOLVENTA, a jobs forum for students, school-leavers and young professionals. In the reporting year 2020, due to the Covid-19 pandemic, it was only possible to recruit one trainee class with participants from China and Germany.

Employees by region and gender
102-8

	FTE 2020[4,6]	Headcount female[1-4]
Germany	7,577	1,456
France	1,213	264
Italy	1,071	268
United Kingdom	762	124
Poland	565	134
Russia	524	120
Rest of Europe	4,057	802
China	809	189
Other countries	1,525	300
Total	18,103	3,657

1 Number of employees excluding temporary employees, temporary agency workers, apprentices and trainees.
2 Abroad excluding MIAS USA, JFS United Kingdom, JFS Spain and JFS Italy as the companies have fewer than 10 employees.
3 2020: excluding JT Energy Systems, as it was only included in Personnel data collection in August 2020.
4 Status: 1 December of the respective reporting year.
5 Fluctuation refers to voluntary departures.
6 Employees including temporary employees, excluding apprentices, temporary agency workers and trainees.
7 Excluding ISI Automation and JT Energy Systems.
8 Calculation differs from previous year (headcount instead of FTE).

What we offer our employees

Broad spectrum of career development opportunities

404-2 With our extensive training offers that are often not only job specific, we aim to actively encourage all employees to develop themselves further. Annual feedback reviews with managers are another step in ensuring the diligent career development of employees. The Corporate HR Development department supports our employees in their development efforts. We are particularly appreciative of our employees' willingness to constantly learn and develop themselves further. The Jungheinrich Training Center was established at its Norderstedt site specifically for the training and further education needs of Sales employees. A team of trainers, advisers and experts in digital learning and training management ensure employees receive lasting success in learning.

In 2020, a total of only 3,128 participants (2019: 5,366) were trained in our Training Centre, since traditional classroom training had to be temporarily suspended due to the pandemic. Many elements of the training courses have already been digitalised, and the expansion of digital content is being driven forward strategically. However, there is no move away from traditional presence training, as certain training measures require the physical presence of trainers, participants and trucks.

Committed to health

403-2 2020 presented us with very special challenges with regard to the health of our employees. Independently of the measures we had to take in the reporting year due to the Covid-19 pandemic, we care deeply about the health of our employees. Our primary goal is to help employees maintain their health and improve it in certain areas. Our employees' health ratio stands at 95.6 per cent[1-5] across the Group and is thus at the previous year's level. In order to achieve this, we continuously work on optimising our working conditions at all levels. We use campaigns and initiatives to encourage our employees to follow healthy lifestyles and to promote personal responsibility. There were 469 accidents[3,7-9] in the workplace throughout the Group in the year under review, 64 fewer than in 2019.[6] This equates to 14.6 (2019: 16.8) accidents per one million hours worked. Accidents in the workplace resulted in an average of 17.21 lost days (2019: 18.8).

We aim to help our employees make it through the working day fit and healthy, with diverse measures and initiatives. These measures and initiatives include:

- Site-based ergonomically furnished workspaces,
- Subsidised occupational health check-ups,
- A varied company sports programme,
- Continuation of our "Yes I Care" workshops for managers to raise awareness of employee health issues.

We also aim to organise regular health awareness days with a specific focus. On these days, we provide employees with the opportunity to receive advice on health and nutrition; feedback on their personal health status; and tips and ideas on how to improve health. Numerous offers such as circulation and mobility checks or vaccination advice complete our health awareness days.

The majority of the initiatives mentioned above – as well as our well-attended health awareness days – could not take place in the usual way in the year under review.

1 Employees including temporary employees, excluding apprentices, temporary agency workers and trainees.
2 Employees excluding parental leave, partial retirement (passive phase), disabled employees.
3 Abroad excluding MIAS USA, JFS United Kingdom, JFS Spain and JFS Italy as the companies have fewer than 10 employees.
4 Excluding Jungheinrich Lift Truck Corporation, MIAS CN.
5 Excluding ISI Automation, JT Energy Systems.
6 2019: Excluding ISI Automation, as added during the year.
7 Employees excluding temporary employees, temporary agency workers, apprentices and trainees.
8 2020: excluding JT Energy Systems, as it was only included in Personnel data collection in August 2020.
9 Accidents in the workplace with at least one lost day.

Exceptional times call for exceptional measures

In 2020, the global Covid-19 pandemic presented most people with unprecedented challenges and profound changes in their personal as well as their working lives.

For Jungheinrich as an employer, protecting the health of our employees – in addition to the safeguarding of our delivery capability – was our top priority in this exceptional year. Under the direction of the central crisis team, various preventive measures were taken to protect the workforce from infection:

Among other things, mobile working was implemented throughout the Group wherever possible, and the corresponding IT infrastructure was made available in a very short time. For work areas that could not be shifted to mobile working (such as production), comprehensive concepts were implemented at the sites to provide the best possible protection against infection and to maintain production. These included the establishment of shift models with shift equalisation, the division of teams, initiation of extensive disinfection measures and installation of Plexiglas screens at workplaces where no spatial distancing was possible.

After-sales services faced completely new challenges: In order to keep the risk as low as possible for our customers as well as for the technicians themselves, technicians were equipped with comprehensive hygiene sets (including disinfectant, face coverings and FFP2 masks). The federal government's occupational health and safety requirements were immediately translated into instructions for service visits (for example, disinfection of forklifts prior to service, hand disinfection following service, and tool disinfection).

The Jungheinrich Training Center and the Corporate HR Development department were also unable to continue their training and further education using their proven, often analogue formats. Digital concepts were therefore quickly developed, and existing online offers extended, to continue securing the continued high training level and knowledge transfer of all Jungheinrich employees.

As a result of the numerous protective measures that were implemented, the number of infections among Jungheinrich employees worldwide was kept at a low level.

Jungheinrich employees in factories, at home and at customer sites have worked tirelessly to ensure that the company has come through the coronavirus crisis well so far. For this extraordinary effort, Jungheinrich paid out a coronavirus bonus to all employees worldwide at the end of the 2020 financial year. With this bonus, the company has recognised the commitment of its employees during this challenging time. Also during the course of the year, Jungheinrich expressed appreciation for, and recognised, all our employees worldwide – the "Yellow Heroes" – with a campaign that included the greeting card initiative "Jungheinrich says THANK YOU".

The changes that the 2020 Covid-19 pandemic has initiated in the world of work will have a long-term impact. We have therefore set up an international programme called "Future of Work@Jungheinrich", which transcends hierarchical and functional boundaries. This programme analyses factors critical to the success of our collaboration from a holistic point of view. These include our IT infrastructure, workplace design and working-time models, and their impact on our collaboration and leadership. Our goal is to create suitable solutions for Jungheinrich for a future working world that will be increasingly characterised by virtual, mobile or "hybrid collaboration models". This will enable us to position ourselves even more attractively as an employer in the future.

Equal opportunities for all

405-1 For Jungheinrich, diversity in the workforce is fundamental to our success. It enables different perspectives, ideas and solutions to emerge within teams and as employees interact with each other. We do everything in our power to maintain and further promote an atmosphere of openness and tolerance.

In Germany, our employees come from 66 different nations[1-3] and have diverse cultural and religious backgrounds. Naturally our teams also include people with disabilities. We all work together every day to achieve our objectives. The average age of employees across the Group is 41.4 years.[1-4]

202-2 It is important to us that the Jungheinrich values – the Jungheinrich Way of Leadership – are a part of the Group's international culture. To ensure this, we regularly send managers from Group headquarters to our companies abroad. Our long-term goal is to have local managers in our companies abroad who are familiar with the local conditions and the national culture. Furthermore, in line with the Strategy 2025+, we have set the goal to increase the share of international managers in the Group's personnel as part of the increased internationalisation. In 2020, 86.0 per cent of our managers abroad came from the country they were working in (2019: 85.6). The expertise and special intercultural skills of these employees provide a valuable and indispensable contribution to Jungheinrich's global success.

202-1; 405-1; 405-2 The ratio of women in the Jungheinrich Group remained stable at 20.1 per cent[1-5] worldwide (2019: 20.1 per cent). In Germany, the ratio of women slightly increased compared to the previous year's level at 19.2 per cent[1-3,5] (2019: 18.9 per cent), outstripping the last comparison figure available for the mechanical engineering sector in Germany of 16.9 per cent.[6]

Sabine Neuß joined the company as a member of the Board of Management responsible for Technics on 1 January 2020. Accordingly, the share of women on the Board of Management was 25,0 per cent, and on the Supervisory Board it was 33.3 per cent. The share of women in management positions in the reporting year was 16.8 per cent. We have therefore exceeded the targets we set ourselves at the first management level (target: 5.0 per cent) and the second management level (target: 15.0 per cent). Jungheinrich pays all employees a comparable salary in line with their positions. In addition, compliance with minimum wage requirements and fair remuneration in line with standard market conditions are absolutely essential for us.

Human rights

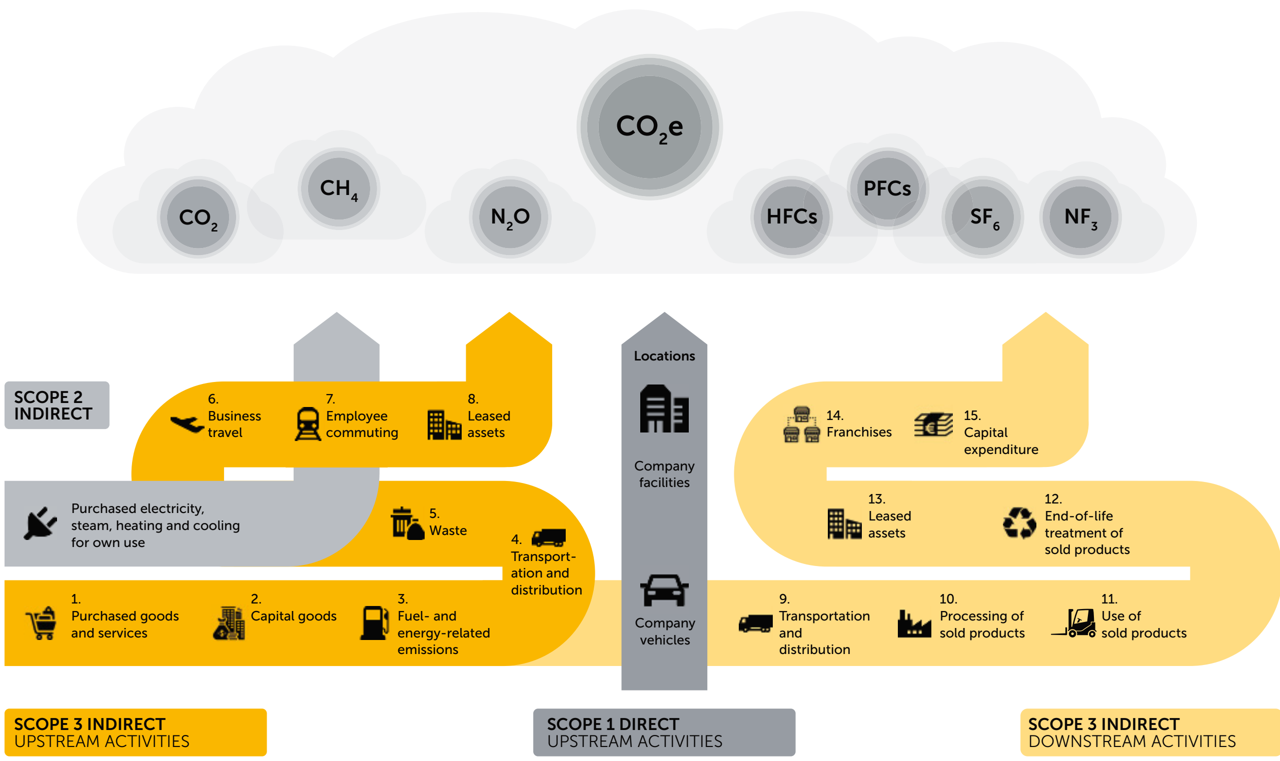
Jungheinrich is committed to upholding human rights worldwide and supports nationally and internationally applicable guidelines. We demand responsible, ethical and legally compliant behaviour from our employees, customers and business partners worldwide at all times. We do not tolerate compulsory, child or punitive labour, slavery or human trafficking. Violations and misconduct lead to serious consequences. If national regulations have stricter conditions, we adhere to those. In 2021, we published the "Code of Human Rights and Occupational Health and Safety". Code on human rights and labour protection This document summarises our standards with regard to working conditions. In addition to the implementation of national and international guidelines, for example the United Nations Universal Declaration of Human Rights, it also includes guidelines on safety in the workplace or the handling of personal data. The focus of all principles is on responsible, ethically impeccable, legally compliant and sustainable behaviour. Ultimately, Jungheinrich's goal is to create value sustainably and uphold ethical principles.

1 Number of employees excluding temporary employees, temporary agency workers, apprentices and trainees.
2 2020: Excluding JT Energy Systems, as it was only included in Personnel data collection in August 2020.
3 Status: 1 December of the respective reporting year.
4 Abroad excluding MIAS USA, JFS United Kingdom, JFS Spain and JFS Italy, as the companies have fewer than 10 employees.
5 2019: Excluding ISI GmbH, as added during the year.
6 According to the German Federal Employment Agency and the German Federal Statistical Office (as of 31 December 2019 – latest available value).

ENERGY, ENVIRONMENT AND CLIMATE PROTECTION

Ranked among the world's leading intralogistics solutions provider, we have a great responsibility in terms of the environmental impact of our products and business activities. We therefore decided in 2020 to become a climate-neutral company. This ambitious goal underlines the relevance of environmental and climate protection at Jungheinrich and is a central component of the new sustainability strategy that has been developed as part of the corporate Strategy 2025+. In order to be able to implement this challenge holistically, we will divide Jungheinrich's CO_2e emissions into different scopes and neutralise them step by step. We will do this in accordance with the Greenhouse Gas Protocol. The diagram to the right illustrates the individual steps. This internationally recognised method for determining greenhouse gas emissions will help us to identify the emissions that we cause directly and indirectly, as well as all other indirect emissions that are associated with us. The goal is to achieve climate neutrality in all units over which we have control (control approach). Our decision is accompanied by a series of measures that we are implementing directly in our company, as well as in the manufacture of our products, along our supply chain and downstream activities. An important milestone towards climate neutrality is the transition to electricity that comes entirely from renewable energy sources. All German units start the transition in 2021.

According to the standards of the Greenhouse Gas Protocol: Schematic representation of CO_2e emissions

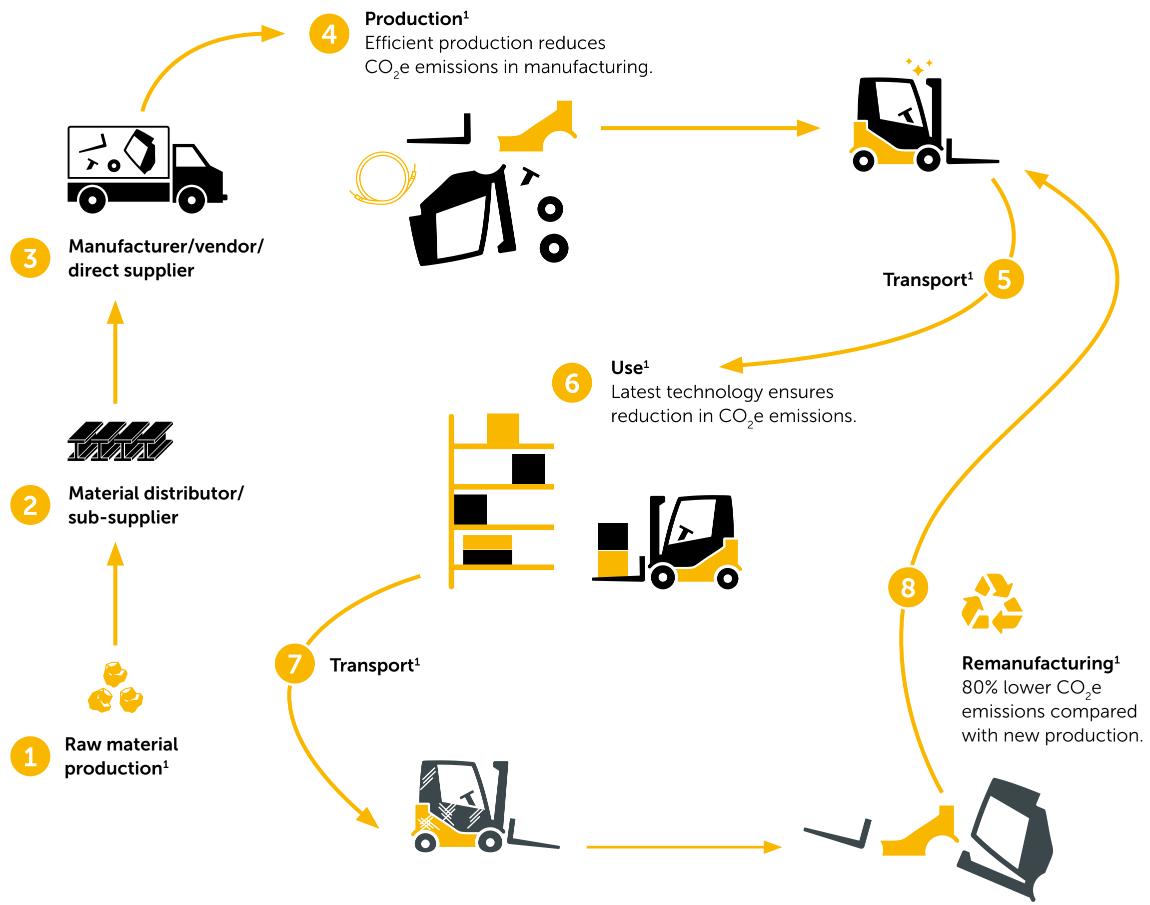


Environmental impact of our products – target achieved

302-5 Jungheinrich has always been a pioneer in the field of electrified intralogistics. In 1953, we brought our first electric forklift truck, "Ameise 55", onto the market. More than 1,000,000 Jungheinrich electric trucks are in use around the world today. Nearly all the forklifts we sell are battery powered. We have used our many years of experience and our unique expertise in the industry to constantly improve the product life cycle assessment of our trucks.

In 2011 we became the first manufacturer of material handling equipment to receive DIN EN ISO 14040 product life cycle assessment certification from TÜV Nord, an international provider of security, inspection and certification services. This systematic product life cycle assessment includes the manufacturing, use and reconditioning stages. The use stage, which comprises 80 per cent of the total, makes up the largest part of the product life cycle assessment. Energy-efficient intralogistics products therefore make an important contribution to climate protection. We continually improve the energy efficiency of our trucks and our production process. The total certified assessment already showed a 24 per cent CO_2e reduction between 2000 and 2010. We managed to achieve this impressive reduction by reaching a variety of technology milestones and could thereby also improve our customers' carbon footprint and efficiency. Milestones we introduced during this time period included high-frequency charging technology and fourth-generation alternating power technology. In addition, we used lithium-ion technology to develop completely new truck concepts, which increase efficiency in the warehouse due to their compact design.

Jungheinrich value chain and stages of the product life cycle assessment
102-9

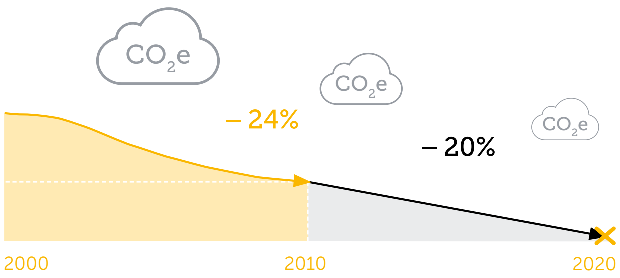


1 Part of the product life cycle assessment.

With a reduction of around 20 per cent, we have achieved our long-term goal for the life cycle assessment of our products. Since 2010, we have worked to further reduce the total direct and indirect greenhouse gas emissions of our products. The achievement of this goal is confirmation of our years of work and our competence in the area of energy efficiency.

In the last ten years, we have achieved reductions of up to 41.9 per cent in CO_2e. in the manufacturing and use of material handling equipment in the various segments. This enables us to permanently offer new products that are more efficient than their predecessors, which in turn allows our customers to reduce their energy costs and the associated CO_2e emissions.

Reducing our CO_2e emissions[1]



This development reflects the CO_2e emissions of an average Jungheinrich truck.

1 Figures are rounded and based on conservative data.

Used forklifts – a sustainable business field

301-2; 302-5 In addition to manufacturing more efficient products, we are gradually expanding the range of used equipment offered by our JUNGSTARS. Thanks to the high quality of our products, we can directly reuse a large part of the materials used and thus actively drive all three pillars of sustainability. We create good jobs, securing them and our economic performance with a diverse range of business fields. In addition, the reconditioning of used trucks requires far fewer materials and much less energy.

Refurbished used equipment in units

Frames, engines, motors, hydraulic components, lifting frames, protective driver roofs and drive and steering shafts are some of the parts that are refurbished. This reconditioning results in reductions of around 80 per cent in CO_2e compared to new production. We also guarantee correct and environmentally friendly disposal of fuels and trucks that are at the end of their life cycles.

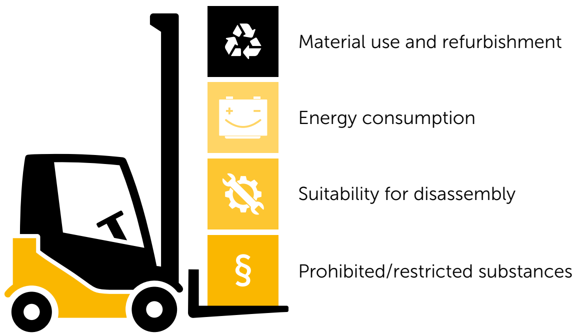
Despite their growing popularity, the decrease in refurbished used forklifts has also declined due to the coronavirus crisis.

Ecological design – considered from the very start

Sustainability plays an important role at Jungheinrich throughout the entire product life cycle; it is taken into account using ecological design criteria right from the new product design phase. We include all relevant areas when developing our material handling equipment. The environmental compatibility assessment during the product development phase allows us to exhaust the energy and resource efficiency potential for each product. Defined milestones ensure that the ecological design criteria are recorded, evaluated and implemented, including:

Ecological design criteria

102-9



Thought through: our ecological design criteria form the basis for our product life cycle assessments and refurbishment.

Our materials

301-1; 301-2 The main components of material handling equipment are steel and grey cast iron.[1] Another important component, particularly for Jungheinrich, is the battery, because our product portfolio zu fast 100 Prozent consists of electric material handling equipment. The majority of batteries that we fit are currently still lead acid batteries. Lead is virtually completely recyclable and can be reused in new batteries, which is why we mostly use batteries with recycled lead.

Lithium-ion batteries

We see great potential in lithium-ion technology. This is why this technology is one of the focal points of our current research and development work for electric power. In 2011, Jungheinrich became the first series supplier of trucks powered by lithium-ion batteries. In 2019, we established JT Energy Systems together with Triathlon Holding GmbH. In 2025, we want to achieve a lithium-ion equipment ratio for our trucks of over 70 per cent. We are also continually developing our business model – for example, with the right short-term rental options and guaranteed battery returns. In addition to the batteries' use in Jungheinrich trucks, we see great growth potential in Powertrain Solutions. Here, we also make our batteries and expertise in the field of energy systems available to other manufacturers, including those in the construction and agricultural machinery industry, thus driving electric mobility forward across sectors.

Even though lithium-ion batteries have a very long service life, options for recycling them play a major role. Lithium-ion batteries partly contain rare-earth elements, and lithium itself is a key raw material of our time. In the future, Jungheinrich will further advance reprocessing as well as the possible uses for a "second life" for lithium-ion batteries. Here, too, we want to show that it is possible to use our resources responsibly. In addition to these possibilities, we can envisage the use of end-of-life power units as stationary energy storage systems as well.

1 Grey cast iron is an iron-carbon alloy.

Environmental impact of our locations

As a manufacturing company, Jungheinrich relies on various energy sources. The main types of energy used by our production sites are natural gas, heating oil, diesel, electricity and district heating. In order to make the best possible use of energy, we continuously work to optimise and modernise our buildings, machines, plants and processes in terms of energy. In recent years, for example, we have been able to significantly reduce the consumption of lamps and electricity by gradually converting to LED lighting. In order to achieve our goal of climate neutrality, we will also use climate-neutral technologies in the future. Due to the comprehensive range of services we offer, our sales activities also cause emissions. We therefore offer fuel-saving training to our service technicians and constantly work to optimise the weight and payload of our after-sales services vehicles. A number of suitable locations also use electric vehicles, which lowers direct emissions further.

The Covid-19 pandemic also had an impact on our environmental performance in the past year. Almost all environmental indicators are down due to the coronavirus and are below the previous year's figures. This is a result of the lower production quantity figures, the large number of employees working from home and the changed conditions in our sales units. The increase in ethanol consumption is due to the fact that our trucks in Brazil are fuelled with petrol as well as with ethanol. In 2020, significantly more refuelling was done with ethanol.

Energy consumption[1,2]

302-1

	2020	2019	2018
Natural gas in kWh	44,536,444	48,344,885	49,863,415
Heating oil in kWh	1,724,908	1,826,020	1,915,435
Diesel in l	9,765,251	11,784,792	11,244,075
Petrol in l	226,717	422,898	353,184
Ethanol in l	52,571	40,619	28,986
Electricity in kWh	54,151,080	58,434,304	61,675,917
District heating in kWh	9,596,340	11,250,715	12,807,834

Greenhouse gas emissions[1,2]

305-1; 305-2

in t CO_2	2020	2019	2018
Direct (Scope 1) GHG emissions)[3]	34,553	41,469	40,605
Energy indirect (Scope 2) GHG emissions[3]	18,094	19,906	27,233

Turning waste into a resource

Both hazardous and non-hazardous waste can be valuable resources for recycling or even repurposing. The majority of waste from production plants, sales units and other locations is recycled and the material or heat reused. It is our ambition to keep the amount of waste that is disposed of/sent to landfills versus waste that is recycled at a permanently low level and to continually reduce it.

Total amount of waste[1,2,4]

306-2

in tonnes	2020	2019	2018
Total hazardous waste	4,256	4,265	4,345
Recycling of materials	3,249	3,219	3,265
Thermal recovery	308	345	314
Disposal (landfill)	699	701	766
Total non-hazardous waste	10,277	11,853	12,147
Recycling of materials	8,050	8,937	9,045
Thermal recovery	1,105	1,528	1,508
Disposal (landfill)	1,122	1,388	1,594

1 The figures shown apply to the production plants in Norderstedt, Lüneburg, Moosburg, Degernpoint, Landsberg, Dresden and Qingpu (China), the spare parts centre in Kaltenkirchen, the Group headquarters in Hamburg, the IT office in Hamburg and the sales units in Australia, Austria, Belgium, Brazil, the Czech Republic (2018 and 2019 excluding Hněvotín), France, Germany (2019 excluding Frankfurt), Italy, the Netherlands, Poland, Russia, Spain, Switzerland, and the United Kingdom; only locations with more than 50 employees.

2 The figures are partially estimated and have been adjusted to reflect the better data available and subsequent corrections of previous years.

3 Emission factor sources: IEA, DEFRA and local energy suppliers.

4 2018 and 2019 excluding the UK.

GRI-INDEX

102-54; 102-55

The chapter "Non-financial declaration according to the CSR Guideline Implementation Act" was prepared in accordance with the GRI Standards.

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GRI indicator	Indicator name	Page	Topic from materiality analysis
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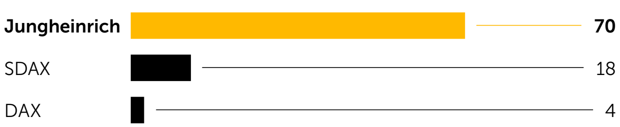
own indicator		20	Material compliance

JUNGHEINRICH SHARE

With regard to the stock markets, the Covid-19 pandemic was the most important influencing factor throughout 2020. Despite the pandemic, it was a very good year for the Jungheinrich share. After an initially subdued start in the first quarter, with a share price low in March, the share gained increasingly in value as the reporting year progressed. Compared to the end of 2019, the price gain at the end of 2020 was 70 per cent.

Share price performance 2020 in %



Volatile equity markets due to Covid-19 pandemic uncertainties

In 2020, the international equity markets were strongly influenced by news relating to the Covid-19 pandemic. In addition, there was uncertainty about the outcome of the Brexit negotiations, which lasted almost until the end of the year, a continuing trade conflict between the USA and China and, not least, the election of a new US president.

The spread of the coronavirus in spring 2020 led to great uncertainty worldwide, which was accompanied by massive price drops on the international capital markets. Many countries adopted measures to contain the global spread of the pandemic, in particular lockdown measures and travel restrictions, which intensified the volatility on the stock markets.

The comprehensive stimulus packages introduced as the Covid-19 pandemic progressed, as well as various measures taken by central banks, led to growing confidence in the manageability of the economic impact. Added to this was optimism about the rapid development and approval of vaccines, which initially outweighed concerns about a second wave of the virus.

Although infection figures rose sharply again from autumn 2020 onwards, particularly in Europe, and renewed lockdown measures were adopted, the mood on the international stock exchanges remained optimistic. In particular, initial approvals for vaccines and the start of vaccination programmes towards the end of the reporting year reinforced the stock markets.

The most important German stock indices showed varied growth rates at the end of the year: The DAX climbed 4 per cent to 13,719 points (previous year: 13,249 points), the value of the MDAX and SDAX rose 9 per cent and 18 per cent respectively and finished 2020 at 30,796 points (previous year: 28,313 points) and 14,765 points (previous year: 12,512 points) respectively.

Jungheinrich share price up 70 per cent

Based on a closing price of €21.50 on the last trading day of 2019, the Jungheinrich share started the year significantly worse than the benchmark SDAX (down 26 per cent) with a price loss of 35 per cent in the first quarter of 2020. DAX, MDAX and SDAX recorded their lowest values of the year on 18 March 2020. The background to the noticeable downward movement on the stock markets, which began at the end of February, was the great uncertainty at the start of the spread of the novel coronavirus. On 19 March 2020 – one day after Jungheinrich's financial press/analyst conference on the 2019 financial year – the Jungheinrich share price reached its low for the year at €10.11.

In view of the great uncertainty regarding the further impact of the Covid-19 pandemic on global economic development and thus on Jungheinrich's business performance, the Board of Management withdrew its forecast for the 2020 financial year, which had already been published on 18 December 2019, in an ad hoc announcement on 27 April 2020. The share price then gradually recovered in May and June, so that on 30 June 2020 the share price was once again above the €20 threshold at €20.76. This corresponded to a discount of 3 per cent compared to the end of 2019. In the same period, the SDAX lost 8 per cent of its value.

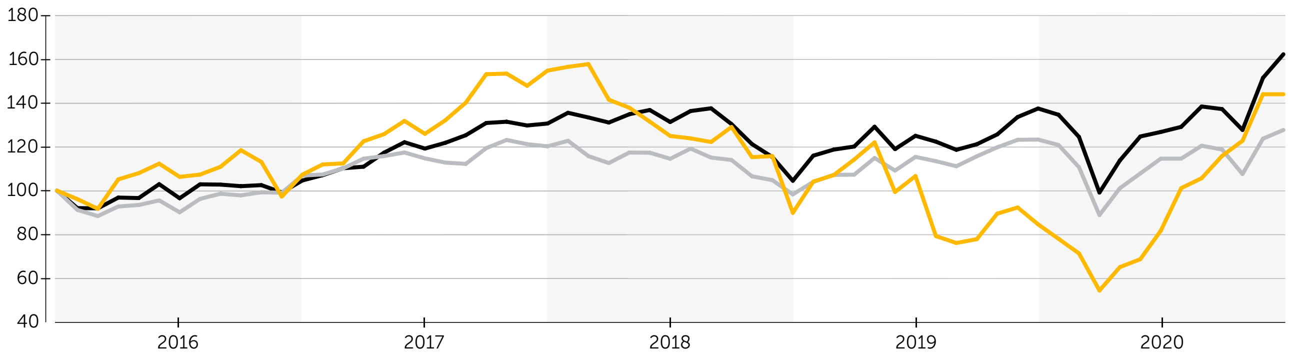
Once reliably quantifiable planning and thus a better estimate for the current financial year was possible from the company's point of view, a new forecast for the 2020 financial year was announced in an ad hoc announcement on 22 July 2020. The share price subsequently rose to over €26.00. As of 30 September 2020, the share price was €29.44, an increase of 37 per cent compared to year-end 2019, while the SDAX remained stable over the same period.

Following a pick-up in customer demand from the summer to mid-October, Jungheinrich expected revenue for the rest of 2020 to be higher than initially planned. In addition, the Board of Management assumed that, given the respectable half-year figures, the improved efficiency and cost-cutting measures initiated at an early stage and consistently implemented will continue to have a positive impact on earnings. Against this background, Jungheinrich raised its forecast for the 2020 financial year on 21 October 2020 with the publication of a further ad hoc announcement. In October, the average price of the Jungheinrich share was already €33.58.

As part of a virtual event on 25 November 2020, the company's new Strategy 2025+ was presented to analysts and investors. The share climbed to €39.00 (annual high) on 14 and 17 December 2020 and exited trading at €36.60 at the end of the year, representing a 70 per cent increase in value. The market capitalisation increased accordingly over the course of the year, reaching €3,733 million at the end of 2020, €1,540 million higher than at the end of 2019 (€2,193 million).

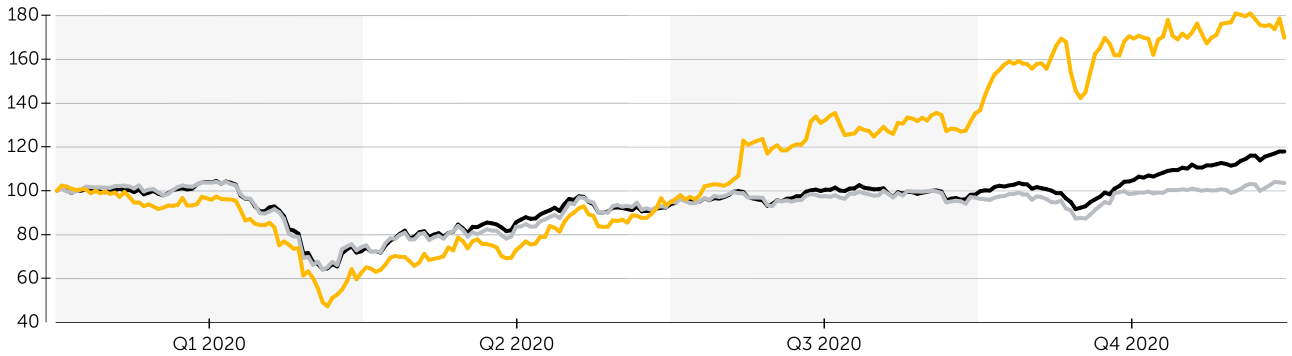
Share price development over time

Share price performance 2016 to 2020 in %



Values before 22 June 2016 adjusted due to share split (1:3)

Share price performance 2020 in %



With free-float market capitalisation of €1,813 million, which is relevant for index calculation, the Jungheinrich preferred share climbed to 82nd place in the Deutsche Börse ranking (previous year: 104th place) at the end of December 2020. As in the previous year, share turnover came in at 112th place at the end of 2020. Of the total Jungheinrich AG shares (102 million), only the 48 million no-par-value preferred shares are listed and widely distributed. The 54 million ordinary shares are held equally by the families of each of company founder Dr Friedrich Jungheinrich's two daughters.

The shareholdings in Jungheinrich AG reportable pursuant to Sections 33 et seq. of the German Securities Trading Act (WpHG) have been published in accordance with Section 40 of the German Securities Trading Act (WpHG) in the notes to the annual financial statements of Jungheinrich AG and on the company's.

www.jungheinrich.com/en/investor-relations/notifications

The Jungheinrich share is listed in the Prime Standard quality segment of the Deutsche Börse. It is traded on all German stock exchanges. The trading volume (Xetra and Frankfurt) amounted to 43.0 million shares in 2020, 5 per cent up from the trading volume in 2019 (40.9 million shares). The average share revenue per trading day (Xetra and Frankfurt) of 168.7 thousand shares was 2 per cent up against the previous year (165.0 thousand shares). The average daily trading volume of €3.8 million remained unchanged from the previous year (€3.8 million).

Payment ratio on a par with previous year

As a rule, Jungheinrich follows a policy of consistent dividend payments. The aim is to distribute between 25 per cent and 30 per cent of the profit or loss attributable to the shareholders of Jungheinrich AG.

The Board of Management and Supervisory Board of Jungheinrich AG intend to propose a dividend payment of €0.43 (previous year: €0.48) per no-par-value preferred share and €0.41 (previous year: €0.46) per no-par-value ordinary share at the 2021 Annual General Meeting. Subject to approval at the Annual General Meeting, this will result in a total payment of €43 million (previous year: €48 million).

Due to the ongoing uncertainty caused by the coronavirus regarding planning and holding major events and in order to protect the health of shareholders and employees as best as possible, the Annual General Meeting will be held virtually on 11 May 2021, as in the previous year.

The payment of the dividend will be made on the third working day after the Annual General Meeting. The payment ratio, which is calculated as the percentage of the total dividend in relation to the profit or loss attributable to the shareholders of Jungheinrich AG, reaches 28 per cent (previous year: 27 per cent).

Long-term investment in Jungheinrich shares proves to be a solid capital investment

The Jungheinrich share again proved a solid capital investment for long-term investors. The share recorded a significantly better performance over a ten-year period than the DAX and SDAX. Over a five-year period, the picture is more varied. While the performance of the Jungheinrich share was still noticeably better than that of the DAX, it was slightly below that of the SDAX.

Long-term performance of the Jungheinrich share

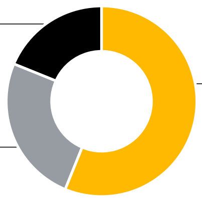
Investment period	10 years	5 years
Investment date	01/01/2011	01/01/2016
Portfolio value at end of 2020	€44,040	€15,706
Average return p.a.	16.0%	9.5%
Comparable return of German share indices p.a.:		
DAX	7.0%	5.9%
SDAX	10.9%	10.6%

Please note: based on an initial investment of €10 thousand and assuming that annual dividends received were reinvested in additional preferred shares.

Broad analyst coverage

Equity research is important for making investors aware of share issuances, as it serves as a vital foundation when deciding to invest. With three banks (Pareto Securities, Deutsche Bank, and Bankhaus Lampe) dropping coverage of Jungheinrich during the year under review, the number of banks and research firms regularly monitoring and evaluating Jungheinrich's shares has fallen to 16 as of year-end 2020 (year-end 2019: 19). Four analysts recommended buying the share, nine recommended holding and three recommended to sell. Based on the key analysts' valuations, the average share target was €34. The lowest value was €20, and the highest was €42.

Analysts' recommendations As of: 31/12/2020



2020 analyst coverage

» Berenberg	» Baader Bank
» Citigroup	» Commerzbank
» Hauck & Aufhäuser	» DZ Bank
» HSBC Trinkaus & Burkhardt	» Metzler
» Kepler Cheuvreux	
» Landesbank Baden-Württemberg	» Bank of America
» M. M. Warburg	» Morningstar
» Morgan Stanley	» Nord/LB und SRH[1]
» Stifel	

1 NORD/LB and SRH AlsterResearch cooperate on equity research.

General conditions for investor relations activities shaped by pandemic

The focus of the Corporate Investor Relations division's activities is the ongoing dialogue with analysts and institutional investors. The goal is to present Jungheinrich's business model as well as the company's performance and strategy in a transparent and target group-oriented manner. In addition, the potential, the risk profile and key financial figures of the company as well as facts relevant to valuation are to be explained promptly and comprehensively, thus contributing to an appropriate valuation of the Jungheinrich share on the capital market.

The company informed the capital markets about special developments in the form of ad hoc announcements:

- Announcement on 27 April 2020: "Jungheinrich retracts annual forecast for 2020 due to Covid-19 pandemic and publishes figures for the first quarter of 2020"
- Announcement on 22 July 2020: "Jungheinrich publishes new forecast for 2020 and announces figures for the first half of the year"
- Announcement on 21 October 2020: "Jungheinrich raises forecast for 2020 and publishes figures as of 30 September 2020"

Discussions between the Board of Management and the Corporate Investor Relations division, analysts and investors in the reporting year were characterised by restrictions caused by the Covid-19 pandemic. The analysts' conference on the 2019 financial year, in which the first key points of the future corporate strategy were presented, had to be held as a conference call on 18 March 2020. The Annual General Meeting originally planned for April as a face-to-face event had to be postponed due to the meeting restrictions for major events and took place virtually on 27 August 2020. Conferences and roadshows with domestic and international participants also took place exclusively virtually during the year. For the publications of the quarterly and half-year figures, however, Jungheinrich reported as usual in detail on the current business development of the Group in conference calls.

As part of a virtual event for analysts and investors, Jungheinrich presented the focal points and targets of its new corporate Strategy 2025+ on 25 November 2020. Further information on Strategy 2025+ can be found in the combined management report page 45 ff.

Basic information about the Jungheinrich share

Securities identification numbers	ISIN: DE0006219934 WKN: 621993
Ticker symbol Reuters/ Bloomberg	JUNG_p.de/JUN3 GR
Stock exchanges	Hamburg and Frankfurt stock exchanges and all other German stock exchanges
Designated Sponsor	ODDO BHF Corporates & Markets AG
IPO	30 August 1990

Comprehensive information regarding the Jungheinrich share is published on the Jungheinrich AG website. www.jungheinrich.com/en/investor-relations/about-our-share Along with financial publications, presentations, press releases and ad hoc announcements, the website also contains a total return calculator, analysts' recommendations, the financial calendar and contact details.

Capital market key figures

			2020	2019
Dividend per share	Ordinary share	€	0.41[1]	0.46
	Preferred share	€	0.43[1]	0.48
Dividend yield	Preferred share	%	1.2	2.2
Earnings per share	Ordinary share	€	1.47	1.73
	Preferred share	€	1.49	1.75
Shareholders' equity per share		€	15.16	14.59
Share price[2]	High	€	39.00	32.06
	Low	€	10.11	18.05
	Closing price at end of year	€	36.60	21.50
Share price performance		%	70	–6
Market capitalisation		€ million	3,733	2,193
Stock exchange trading volume[3]		€ million	978	958
Average daily turnover		thousand shares	168.7	165.0
P/E[4]		ratio	24.6	12.3
Number of shares	Ordinary share	million shares	54	54
	Preferred share	million shares	48	48
	Total	million shares	102	102

1 Proposal.
2 Xetra closing price.
3 Xetra and Frankfurt.
4 P/E = closing price/earnings per preferred share.

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. Combined with a comprehensive range of financial services, Jungheinrich is pursuing the goal of creating sustainable value with its Strategy 2025+.

The group has ten plants, seven of these are in Germany, two in China and one in Hungary. 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 Moosberg 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. Used equipment is industrially reconditioned in a plant close to Dresden. Jungheinrich also reconditions used material handling equipment in Qingpu (China), Bangkok (Thailand) and Ploiesti (Romania). 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).

In 2019, Jungheinrich AG and Triathlon Holding GmbH established JT Energy Systems GmbH, Freiberg, to develop, manufacture and recondition lithium-ion batteries. Jungheinrich is the majority shareholder in this venture.

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

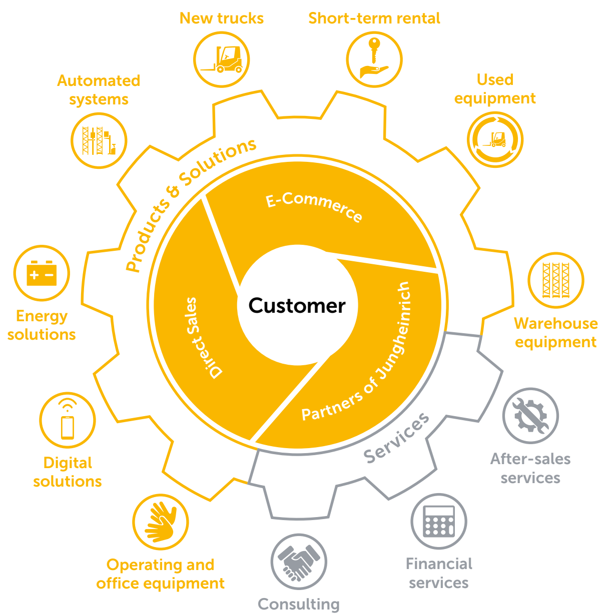
In the reporting year, Jungheinrich acquired a stake in Magazino GmbH, Munich (Magazino). The company is a robotics start-up. At the same time, a strategic cooperation in the field of mobile automation was agreed with this company.

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 (Czech Republic) and Putian (China).

Jungheinrich has established a direct sales and service network with locations in 40 countries to serve customers. 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, 28 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 IT Processes & Systems and Corporate Compliance, and Audit & Data Protection.

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. The members of the Supervisory Board are evenly distributed between the shareholders' representatives and the employees' representatives.

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 94 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 first in order to manage the Group. Net debt and return on capital employed (ROCE) are of particular interest 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).

Net debt 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.

ROCE 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.

Other performance parameters are market share by region – particularly in the core market of Europe – and by product segment, based on incoming orders in units. From 2021, the market share for Europe will no longer be used as a control parameter as it has also not been used as a basis for management remuneration since 2017.

The Board of Management follows developments in the figures indicated above as part of the regular reporting process. 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 analysed 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.

Successful securing of supply chains despite significant challenges

The Covid-19 pandemic had a significant impact on the global supply of materials and posed major challenges, particularly to the management of interconnected supply chains. In a specially convened Supply Chain Task Force, developments in the procurement markets were analysed on a daily basis in order to initiate preventative measures at an early stage. This ensured the stability of transport logistics and parts supply for production.

Due to the acute supply risks and the lack of prospects for short-term improvement, supplier risk management, including sub-supplier management, was further developed and firmly integrated into the management of the entire supply chain and logistics. In the process, the monitoring of supply ranges was expanded, creditworthiness checks for the entire supplier portfolio were intensified and the development of alternative suppliers was pushed. This minimised significant risks with regard to supply and purchase price development.

Another important and stabilising factor for business operations was to make contract conditions for service scopes more flexible in order to be able to react to the continuous change in requirements and needs of all locations and functional areas caused by the coronavirus.

In the 2020 financial year, the purchasing volume at the Jungheinrich Group amounted to €1,992 million following €2,395 million in the previous year. The declining demand for material handling equipment had an impact on the number of units produced. As a consequence, this led to a lower 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 2020

in € million	2020	2019	Change %
Production materials	865	1,042	–17.0
Indirect materials and services	619	725	–14.6
Merchandise	508	628	–19.1
Total	1,992	2,395	–16.8

Once again, in the reporting year, somewhat more than 90 per cent of the Group's purchasing volume, which was lower than in the 2019 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 2020 financial year were 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 €89 million in the Group, 4 per cent higher than in the previous year (€86 million). This represents 2.3 per cent (previous year: 2.1 per cent) of Group revenue. Due to the decline in important product development work, the capitalisation ratio fell to 17 per cent, and therefore significantly below the figure for the previous year (34 per cent). This led to a tangible increase in R&D costs in the statement of profit or loss. In the reporting period, as in the previous year, depreciation, amortisation and impairment losses on capitalised development expenditure included impairment losses of €22 million. The impairment losses led to a complete value adjustment for the total of the carrying amounts of the development projects for individual product series, with a focus on counterbalanced trucks, mainly due to strategic product decisions in both financial years.

The number of employees involved in development projects across the Group stood at an average of 629 in the reporting period (previous year: 634). Jungheinrich AG, which is responsible for Group-wide basic and product development, accounted for 95 (previous year: 94) employees.

Research and development

in € million	2020	2019	Change %
Total R&D expenditure	89	86	3.5
thereof capitalised development expenditure	15	29	–48.3
Capitalisation ratio	17%	34%	–
Depreciation, amortisation and impairment losses on capitalised development expenditure	33	33	–
R&D costs (statement of profit or loss)	107	90	18.9
Total R&D expenditure/ Group revenue	2.3%	2.1%	–
Average number of R&D employees (FTE)	629	634	–0.8
Number of patent applications	89	149	–40.3
Number of patents granted	111	127	–12.6

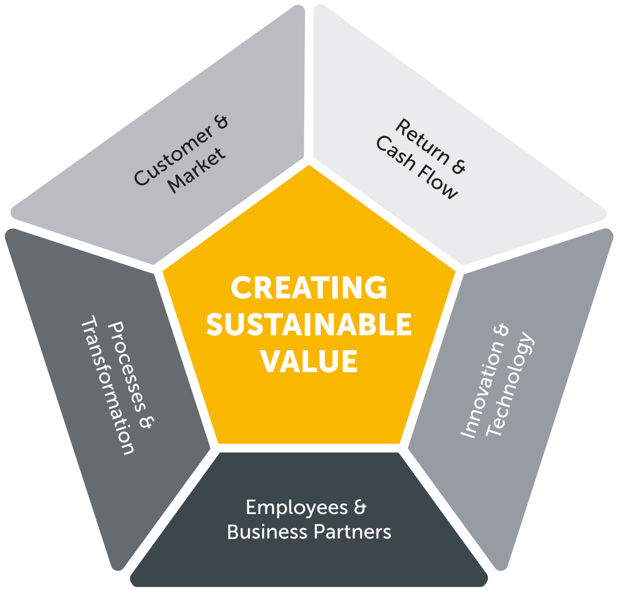
Strategy 2025+

Strategy 2025+: Creating sustainable value

The Group's Strategy 2025+, presented to the public in November 2020, builds on Jungheinrich's strong market position in 2020: With our comprehensive range of services and integrated business model, we occupy a leading position in intralogistics in Europe. Our sales and service network for direct sales and after-sales services is set up internationally, and we have a customer structure that is diversified both by industry and geographically.

Our Strategy 2025+ allows us to create value sustainably for all our stakeholders: customers, employees, shareholders, business partners and society at large. The core of our target system is to put our customers even more in the focus of our actions and to significantly increase our profitability and efficiency at the same time.

Following this guiding principle, the "strategy diamond" summarises the dimensions of our holistic Group target system:



Customer & market: First choice for our customers
We place our customers at the centre of our actions and offer intelligent and sustainable solutions. Maximising customer value is thus an important component of our Group target system. We want to retain existing and new customers in the long term by offering them the highest possible sustainable benefit with our integrated intralogistics offering. With this maxim, we want to further strengthen our brand name and increase our brand value.

Return on sales & cash flow: Increase in company value through sustainable, profitable growth
In order to remain independent and to be able to actively shape the future of intralogistics, we focus on long-term responsibility instead of short-term growth orientation. This means sustainably increasing our profitability by leveraging internal and external efficiency potential. Strengthening after-sales services and a higher margin orientation throughout the Group helps us to secure our independence and achieve our Group goal of sustainable profitable growth.

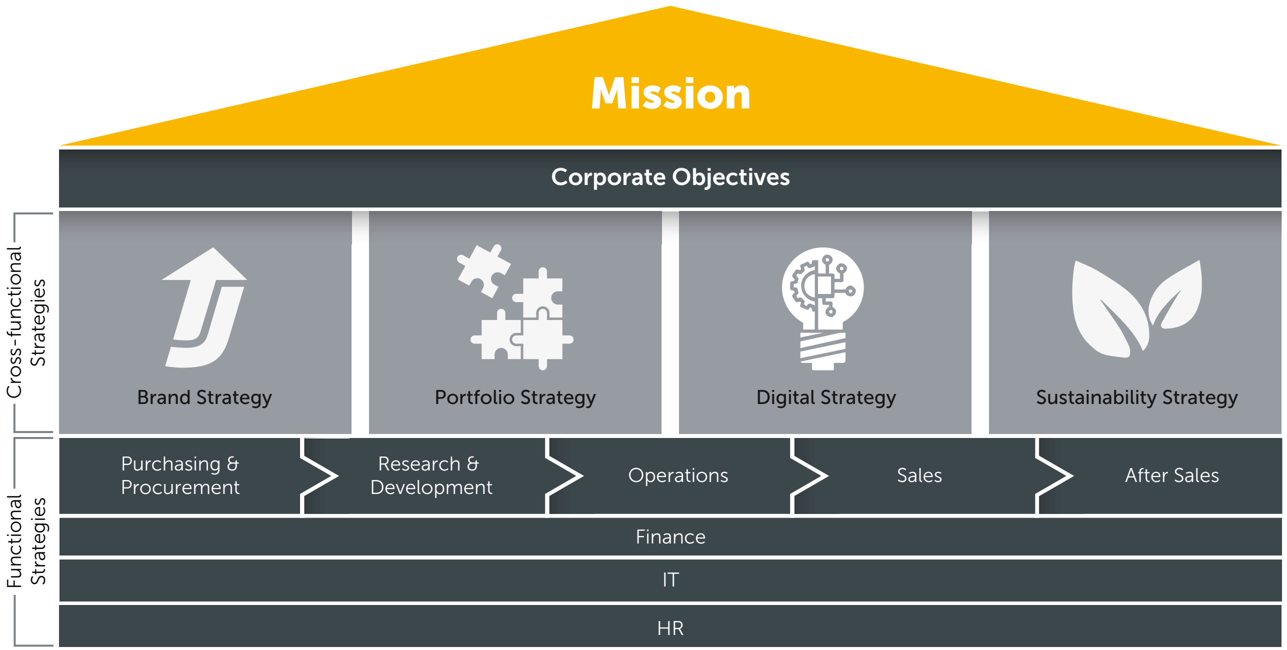
Innovation & technology: Adding value and differentiation through forward-looking solutions
Our Strategy 2025+ allows us to further expand our skills in energy systems as well as in automation and digital solutions and generate innovative solutions for our customers. In particular, we already have a strong market position in the field of lithium-ion technology, which we will strengthen further. We have set ourselves the goal of significantly increasing the share of trucks equipped with lithium-ion batteries in the coming years. We also see great potential in the field of drive train technologies. For example, we already offer our Powertrain Solutions for other industries, such as in the electrification of construction and agricultural machinery. Jungheinrich aims to differentiate itself even more visibly within the competitive environment in the future through technological expertise. We want to achieve this objective through selected strategic partnerships and/or acquisitions in order to build on our strengths in the long term and establish new, innovative business models. By means of innovative technologies, we want to achieve climate neutrality along our entire value chain as part of our overarching, sustainable orientation.

Processes & transformation: Efficient processes at the core of digital transformation
Efficient and cost-effective service delivery across the entire value chain and the maximum benefit orientation of our digital sales channels are the focus of a whole series of strategic projects already initiated. The successful implementation of the digital transformation of Jungheinrich is both a basic prerequisite and a goal for the coming years. We will achieve the efficiency increases we are striving for first and foremost through process optimisation and the intelligent use of data.

Employees & business partners: Preferred employer and reliable business partner
We see our employees as a key success factor; they are the backbone of our Group. Our orientation will be more international and diverse in the future. Our goal is for the Jungheinrich organisation to be flexible and agile, and to work together and sustainably create value across divisions to a high degree. We also want to be sustainably successful players in the market together with our business partners. The goal within our Strategy 2025+ is to be a good employer and business partner.

An overall strategy with four cross-sectional strategies and eight functional strategies for the integrated implementation of the Group strategy

In order to substantiate the integrated objectives of Strategy 2025+ and make them realisable within the organisation, Group-wide sub-strategies have been defined. These are divided into four overarching cross-sectional strategies and eight specific functional strategies.



This interconnected as well as overarching system is intended to ensure the successful and holistic implementation of all strategy measures, in which all areas of Jungheinrich are involved and which considers all aspects of our company comprehensively.

It is critical to the successful implementation of Strategy 2025+ that it is designed to be cross-functional and that it also aims to be implemented and developed in coordinated, aligned steps. We have combined central objectives and decentralised aspects into an integrated overall concept and will steer the implementation of the individual measures in this cooperative and collaborative mode.

Six fields of action defined for sub-strategies' thematic focus

Derived from the strategy diamond, strategic initiatives were developed in the twelve sub-strategies to achieve our Group goals. These can be divided into six fields of action, which provide the thematic framework for the strategy initiatives that have been launched and those that still need to be initiated.

Automation is at the centre of our future growth

The automation field of action includes all strategic initiatives that we are launching worldwide to expand our automation portfolio. Specifically, we aim to offer a comprehensive portfolio of automated intralogistics solutions worldwide, both through in-house development and possible strategic partnerships and/or acquisitions. This includes solutions for automated guided vehicles, automated storage/retrieval systems and order picking systems, robotics and software. An example of projects in the automation field of action is our participation in robotics start-up Magazino, which develops, manufactures and sells intelligent, mobile robot solutions that perceive their environment and make their own route decisions. We have also agreed a broad strategic cooperation with Magazino in the field of mobile automation. We already cooperate with DMG Mori and TRUMPF in the field of automated guided vehicles.

With a view to the focus regions of Europe, China and North America, we will harmonise our processes and standards in such a way that we work according to the same specifications and in standardised formats worldwide, especially for our globally active customers. At the same time, however, we will take into account any country-specific and individual requirements for our customers. The goal is to implement a global sales and after-sales services structure.

For Jungheinrich, the dynamically expanding e-commerce market is another driver for growth and future strategic direction. Automation, in intralogistics too, is the key to success in e-commerce, as processes have to be mapped cost-efficiently. Finally, Jungheinrich also wants to open up new business models. For example, we want to transfer the business activities established for material handling equipment, such as short-term rental and financial services, to automation solutions in the future. New service models, such as performance contracting and pay-per-use/-pick will be added.

Digitalisation makes new products and business models possible

The digitalisation field of action is closely linked to the strategic initiatives in the automation field of action. Our goal for the coming years is to position Jungheinrich in the best possible way for the "digital warehouse of the future". To achieve this, we will combine existing products and solution modules with new system approaches. For our customers, it is about optimal integration and connection via the common interfaces. A fully digital image of our customer systems, for example with the Jungheinrich Warehouse Management System (WMS) and Jungheinrich Warehouse Control System (WCS), should increasingly optimise customer processes. In the future, the range of digital solutions will also extend from recommendations for better and preventative maintenance and servicing of fleets to globally optimised fleet management outsourced to us for the customer. The digitally controlled comparison of data collected in real time with existing targets will also be optionally supplemented by new assistance systems: zoneCONTROL increases safety in the warehouse and liftNAVIGATION increases productivity. Finally, new digital offers will also ensure more flexibility for the customer, such as pay-per-use or e-rental.

Electrification is our core competence – Jungheinrich is a pioneer for energy solutions in the warehouse.

We have been offering lithium-ion batteries as standard equipment for ten years and now in almost all trucks. In addition to electric motors and drive controls, our product range also includes suitable lithium-ion batteries and battery chargers. Electric mobility is one of our core competencies, which we will continue to expand with strategic measures in the field of energy systems. Lithium-ion technology offers forward-looking advantages: Safety and sustainability are combined with three times the energy density and three times the service life of lead-acid batteries.

With holistic energy solutions, we will tap into additional customer potential in the coming years. For example, we will build up an internal network of experts in order to be able to provide customers with comprehensive advice, from the needs analysis to the solution concept. We will also offer additional solutions: Stationary energy storage systems, for example, will play an essential role in the increasing electrification of industrial fleets. Finally, we aim to drive electrification in the new application fields of construction and agricultural machinery with our drive train solutions.

Sustainably increasing our profitability with customer-oriented, efficient and digital processes

As one of our strategic guiding principles, increasing efficiency runs through all our strategic objectives and initiatives. The efficiency field of action is aimed at increasing productivity, which we have placed at the centre of our attention. To this end, we will continue to push ahead with the programmes already initiated, especially DEEP (Digital End-to-End Processes) and N-Ex-T (Network Excellence Technics). DEEP is the multi-year programme launched in 2019 to establish lean, harmonised and automated processes based on a new IT architecture. With DEEP, we want to achieve a higher level of customer centricity and increase efficiency by driving digital transformation.

With the transformation project N-Ex-T, we have also been optimising processes in our plants as well as in purchasing, quality management and development since the beginning of 2020. N-Ex-T is also intended to ensure that interface management with sales is optimised.

We think globally and act locally

With the strategic measures in the "Global Footprint" field of action, we aim to grow more in China and North America in addition to consolidating our market position in Europe. We also want to invest in targeted acquisitions and/or strategic partnerships to achieve this goal. In the course of increased internationalisation, we will also expand the proportion of international managers in the Group workforce.

Sustainability is part of our DNA and the basis for our activities

The sustainability field of action defines the standards for all projects to be implemented within the framework of our Strategy 2025+, both as anchor and as aspiration. Along the three dimensions of the environment, the economy and social issues, we are establishing an interdisciplinary process that will incorporate these three aspects into all decisions along our value chain. As a family business that has always been oriented towards sustainability, Jungheinrich wants to use increased intrinsic motivation to make active sustainability management a unique selling point, also in terms of external perception. Coordinated and controlled by the Corporate Quality & Sustainability division, we want to implement the sustainable benefit of our business activities as the maxim of our actions across all divisions. Our sustainability strategy has four focal points: climate neutrality, integration of systematic sustainability management, transparency and responsibility in the supply chain, and the intensified implementation of sustainability in the Jungheinrich brand. Further explanation of our sustainability strategy is provided in the 2020 Non-financial declaration page 13 ff. of this annual report.

Implementation process initiated and key targets defined

We developed our Strategy 2025+ with a holistic understanding of strategy. All of the Group's divisions, units and teams will be successively involved in the implementation processes by the end of the first half of 2021 and will be measured against the success of defined measures in the coming years. While we have defined clear central targets for the period up to 2025, the interlocking realisation of the various projects will be continuously developed. For agile implementation and flexible control, we are implementing monitoring processes with which we check and control the degree of successful implementation of our goals from Strategy 2025+ using concrete metrics.

One of the central targets of Strategy 2025+ is that the Group's revenue should grow organically to over €4.6 billion by 2025, by at least 5 per cent annually. We want to improve the EBIT ROS to over 8 per cent and the EBT ROS to over 7.5 per cent in this period. Including possible acquisitions, we are aiming for revenue of more than €5 billion and a share of revenue outside Europe of more than 20 per cent. In 2025, we want to achieve an equipment ratio with lithium-ion batteries of over 70 per cent (2020: 20 per cent) for our trucks. Employee productivity measured by EBT per employee is to exceed €17,500 and the proportion of female managers is to be increased to 20 per cent. The guideline for our R&D ratio as well as for the capital expenditure rate for the years 2021 to 2025 is an order magnitude of 2.5 per cent of Group revenue annually.

ECONOMIC REPORT

Economic and sector environment

The regional focus of Jungheinrich's activities lies in Europe. Outside Europe, the focus is on China and North America. Each country's gross domestic product (GDP) as an economic indicator is key to evaluating business developments in these regions. Around 28 per cent of the global demand for material handling equipment originated in Europe in 2020. 39 per cent of the global demand for battery-powered material handling equipment – Jungheinrich's core area of expertise – originated in the European market. Economic developments in European member states are, therefore, very important.

Global economy slumps due to coronavirus

In 2020, the global economy was in recession in the wake of the Covid-19 pandemic. From the perspective of the International Monetary Fund (IMF), the targeted intervention of central banks and governments with low interest rates and far-reaching massive aid programmes prevented worse. In addition, there were uncertainties about the outcome of the Brexit negotiations, which lasted almost until the end of 2020, a continuing trade conflict between the USA and China and, not least, the election of a new US president. With the exception of China, economic output contracted in all of the countries and regions listed below.

Growth rates for selected economic regions

Gross domestic product in %	**2020**	2019
World	–3.5	2.8
USA	–3.4	2.2
China	2.3	6.0
Eurozone	–7.2	1.3
Germany	–5.4	0.6

Source: International Monetary Fund (as of 26 January 2021 with updated figures from previous years in comparison with Group management report 2019)

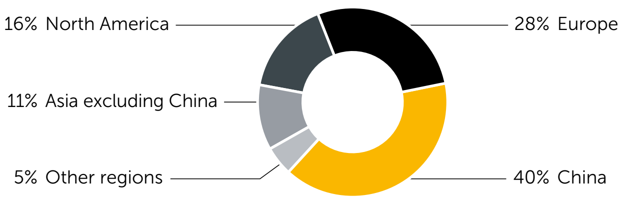
The eurozone showed a massive GDP decline of 7.2 per cent in the year under review, after having grown slightly by 1.3 per cent in the previous year. As the German economy is highly export-oriented, it recorded a sharp decline in economic output of 5.4 per cent in 2020 influenced by the uncertainties mentioned above (previous year: 0.6 per cent growth). The economy in France was significantly weaker, falling 9.0 per cent following slight growth in 2019 (1.5 per cent). The Italian economy contracted at a similar rate of 9.2 per cent in the year under review, following stagnation in the previous year (0.3 per cent). The economy of the United Kingdom was very badly affected with a fall of 10.0 per cent (previous year: 1.4 per cent growth). As in the previous year, Jungheinrich generated approximately half of its Group revenue in these four countries. Russia's economic performance declined by 3.6 per cent in 2020, following a low growth of 1.3 per cent in 2019. In Poland, GDP also declined by 3.4 per cent. There, notable growth of 4.5 per cent was still recorded in the previous year. Russia and Poland are also important markets for Jungheinrich.

World market growth for material handling equipment driven by demand in China

In 2020, based on the number of new trucks ordered, the global market for material handling equipment grew by 9 per cent, or 131 thousand forklift trucks. This development was driven solely by demand in China. In Europe, demand in all three product segments (warehousing equipment, battery-powered counterbalanced trucks and IC engine-powered counterbalanced trucks) remained below the previous year's figures, although the counterbalanced trucks were particularly hard hit. The uncertainties in demand patterns against the backdrop of the spread of the Covid-19 pandemic were mainly reflected in the first half of 2020, with a gradual recovery in the second half of the year. The market in China developed quite differently, growing by 37 per cent. There, almost half of the strong increase resulted from the significantly higher demand for IC engine-powered counterbalanced trucks. Market volume in North America remained stable. There, weakening demand for counterbalanced trucks, especially IC engine-powered ones, was offset by higher orders in the warehousing equipment product segment.

As in the previous years, 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 Poland, followed by Russia and the Czech Republic.

Global market for material handling equipment by region in 2020



Source: WITS (World Industrial Truck Statistics)

Incoming orders

in thousand units	2020	2019	Change %
World	1,638	1,507	8.7
Europe	464	491	–5.5
thereof Eastern Europe	86	87	–1.1
Asia	828	668	24.0
thereof China	648	473	37.0
North America	255	255	–
Other regions	91	93	–2.2

Statement from the Board of Management and target achievement

The Board of Management of Jungheinrich AG is satisfied with the course of the 2020 financial year, especially under the more difficult general and market conditions caused by the Covid-19 pandemic.The financial year was concluded with a respectable revenue and an equally respectable EBIT and EBT.

The forecast for the 2020 financial year announced on 18 December 2019 and confirmed in the publication of the 2019 annual report on 18 March 2020 did not yet consider the impact of the Covid-19 pandemic. Due to uncertainties related to the coronavirus around further business development, it was withdrawn with an ad hoc announcement on 27 April 2020. After the general conditions in the summer allowed for a better assessment, we published a new forecast in an ad hoc announcement on 22 July 2020. We subsequently raised this forecast in an ad hoc announcement on 21 October 2020.

By value, incoming orders amounted to €3,777 million in the reporting year and were thus slightly above the forecast range (€3.5 billion to €3.7 billion). A strong fourth quarter with orders worth €1,045 million contributed to this. At €3,809 million, Group revenue also reached a value slightly above the forecast range (€3.5 billion to €3.7 billion). Revenue in after-sales services had a stabilising effect.

Despite one-off charges, the EBIT of €218 million reached the upper half of the forecast range (€180 million to €230 million). The after-sales services business contributed to this in part and the cost-cutting and efficiency measures launched early in the fourth quarter of 2019 were also able to limit further losses in earnings. The corresponding EBIT ROS amounted to 5.7 per cent and therefore also came in at the upper end of the forecast range (5.1 per cent to 6.2 per cent). EBT of €200 million was at the upper end of the expected forecast range (€155 million to €205 million). The EBT ROS amounted to 5.3 per cent and was therefore at the upper end of the range (4.4 per cent to 5.5 per cent).

Net debt benefited from noticeably lower capital expenditure, the decreased supply of new trucks to the short-term rental fleet and the release of working capital for operational reasons. As at 31 December 2020, with a net credit balance of €194 million, we significantly exceeded the forecast (net credit balance significantly above €50 million).

At 13.5 per cent, ROCE reached the upper end of the target range of 10 per cent to 14 per cent due to the significantly lower EBIT with noticeably reduced interest-bearing capital.

Target-to-actual comparison

	Forecast			
	December 2019/ March 2020[1]	August 2020[2]	November 2020[3]	**2020 actual**
Incoming orders in € billion	3.50 to 3.80	3.40 to 3.60	3.50 to 3.70	3.78
Revenue in € billion	3.60 to 3.80	3.40 to 3.60	3.50 to 3.70	3.81
EBIT in € million	150 to 200	130 to 180	180 to 230	218
EBIT ROS in %	4.0 to 5.5	3.8 to 5.0	5.1 to 6.2	5.7
EBT in € million	125 to 175	105 to 155	155 to 205	200
EBT ROS in %	3.5 to 5.0	3.1 to 4.3	4.4 to 5.5	5.3
Net debt (+)/ Net credit (–) in € million	significantly <100	significantly <50	significantly >–50	–194
ROCE in %	significantly <10	8 to 12	10 to 14	13.5
Market share in Europe in %	slight improvement vs. 2019 (20.2)			19.9

1 Ad-hoc release as of 18 December 2019 as well as annual report 2019; retracted with ad-hoc release as of 27 April 2020
2 Ad-hoc release as of 22 July 2020 as well as interim report as of 30 June 2020
3 Ad-hoc release as of 21 October 2020 as well as interim statement as of 30 September 2020

In a consistently fierce competitive environment, we achieved a market share of 19.9 per cent in Europe in the 2020 financial year. We had aimed for a slight improvement on the previous year (20.2 per cent). Basic, battery-powered trucks which are increasingly being brought onto the market flow into market data, in China but also in Europe. These trucks usually have a relatively low value. Our unit sales in this product category are comparatively low due to a lack of strategic importance. In order to meet demand, Jungheinrich occasionally purchases these trucks from other manufacturers.

The Group's financial and asset structure remains solid with a shareholders' equity ratio of 29 per cent, or – adjusted for the effects from the "Financial Services" segment – 45 per cent, and sufficient liquidity (cash and cash equivalents and securities) amounting to 18 per cent of the balance sheet total. In order to boost internal financing, the Group will continuously optimise fund commitments in the working capital.

Business trend and earnings position

Uncertainty due to Covid-19 pandemic curbs demand

At 111 thousand units, incoming orders in the new truck business, based on units, which includes orders for both new forklifts and trucks for short-term rental, remained 9 per cent below the previous year's incoming orders (122 thousand units). This was due to the sharp decline in demand in Europe caused by the coronavirus and the reduction in orders compared with the previous year for our own short-term rental fleet.

Incoming orders in terms of value, which comprises the business fields of new truck business, short-term rental and used equipment as well as after-sales services, was only slightly down on the previous year (€3,922 million) due to a strong final quarter in 2020 at €3,777 million. Orders on hand in the new truck business amounted to €821 million as of 31 December 2020 (previous year: €787 million).

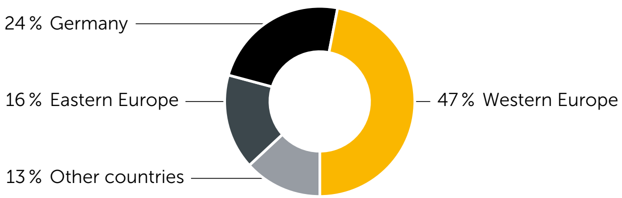
Incoming orders in € million

Group revenue declines due to the coronavirus

Group revenue fell short of the previous year's figure (€4,073 million) by 7 per cent or €264 million and amounted to €3,809 million. As in the previous year, Europe accounted for 87 per cent of revenue. In Europe, revenue in Germany, France and the United Kingdom declined in particular. International sales decreased by 7 per cent to €2,892 million (previous year: €3,107 million); the foreign ratio was therefore 76 per cent, as in 2019.

Revenue generated outside of Europe amounted to €491 million (previous year: €545 million). This corresponds to a 10 per cent decline and a Group revenue share of 13 per cent (previous year: 13 per cent).

Revenue in 2020 by region



in € million	2020	2019	Change %
Germany	917	966	–5.1
Western Europe	1,778	1,931	–7.9
Eastern Europe	623	631	–1.3
Other countries	491	545	–9.9
Total	**3,809**	**4,073**	**–6.5**

The main reason for the lower Group revenue was the decline in new truck business revenue of €341 million. This resulted from lower incoming orders compared to the previous year. Revenue in the short-term rental and used equipment business also declined and amounted to €606 million (previous year: €632 million). This development was essentially the result of lower short-term rental revenue. Despite coronavirus-related restrictions in access to customer locations in the second quarter of 2020, after-sales services achieved revenue of €1,095 million for the year as a whole and was thus even slightly above the previous year's figure (€1,082 million). The after-sales services share of Group revenue rose as a result to 29 per cent (previous year: 27 per cent). Against the backdrop of the decline in demand, the financial services business fell short of the previous year (€1,167 million) with revenue of €1,121 million.

Breakdown of revenue

in € million	2020	2019	Change %
New truck business	2,110	2,451	–13.9
Short-term rental and used equipment	606	632	–4.1
After-sales services	1,095	1,082	1.2
"Intralogistics" segment	**3,811**	**4,165**	**–8.5**
"Financial Services" segment	**1,121**	**1,167**	**–3.9**
Reconciliation	–1,123	–1,259	–10.8
Jungheinrich Group	**3,809**	**4,073**	**–6.5**

Gross profit impacted by lower capacity utilisation at plants

Gross profit on sales fell by €38 million to €1,147 million (previous year: €1,185 million). This figure was first and foremost negatively impacted by the lower capacity utilisation at production plants in comparison with the previous year and the corresponding downturn in margins. At 30.1 per cent, the gross margin was however up compared to the previous year (29.1 per cent) due to the increased share of revenue of the after-sales services.

Cost structure (statement of profit or loss)

in € million	2020	2019	Change %
Cost of sales	2,662	2,888	–7.8
Gross profit	1,147	1,185	–3.2
Selling expenses	698	717	–2.6
R&D costs	107	90	18.9
General administrative expenses	121	112	8.0

Although impairment losses on acquired intangible assets of €17 million had to be additionally absorbed, selling expenses decreased by €19 million compared to the previous year. The impairment losses had resulted from the review of the business prospects of individual sales companies. A more restrictive personnel policy due to the decline in demand as well as savings in material costs had a relieving effect on selling expenses. Following 17.6 per cent in the previous year, selling expenses represented 18.3 per cent of Group revenue.

R&D costs in the reporting period primarily rose due to a markedly lower capitalisation ratio by €17 million to €107 million (previous year: €90 million). As in the previous year, these costs also included impairment losses on capitalised development expenditure of €22 million.

The expenditure for strategic projects to optimise processes and improve efficiency and digitalisation included in the administrative expenses was not reduced despite the negative business trend. The share of administrative costs in Group revenue therefore rose compared to the previous year (2.8 per cent) to 3.2 per cent.

Other operating expenses increased compared to the previous year (€10 million) to €15 million in the reporting year. This increase was mainly due to the rise in expenses from impairment losses on goodwill from €2 million in the previous year to €10 million. The other operating expenses of the previous year included material expenses related to a provision for expected contingent-liability claims in the amount of €5 million.

Earnings before interest and taxes in € million

Profit or loss in € million

EBIT decreased by €45 million, or 17 per cent, to €218 million (previous year: €263 million). At 5.7 per cent, EBIT ROS was less than the previous year's level (6.4 per cent). With a significantly lower EBIT and a noticeable decline in interest-bearing capital, ROCE came in slightly below the previous year's figure at 13.5 per cent (previous year: 13.7 per cent). Due to higher impairment losses in the reporting year, mainly on intangible assets, EBITDA fell by only €27 million compared to the previous year (€670 million) to €643 million. Adjusted for depreciation on trucks for lease from financial services to €136 million (previous year: €135 million), EBITDA decreased to €507 million (previous year: €535 million).

The financial income improved slightly to €–18 million compared to the previous year (€–21 million). Due to the valuation of the securities and derivatives held in the special fund, only low income was generated in the reporting year, whereas income of €6 million was generated in the previous year. Expenses in connection with changes in currency exchange rates from intra-group financial transactions, however, developed positively. At €200 million, EBT was accordingly down 17 per cent from the previous year (€242 million). EBT return on sales amounted to 5.3 per cent (previous year: 5.9 per cent).

Income tax liabilities fell to €49 million (previous year: €65 million) due to the lower EBT. The Group tax rate amounted to 25 per cent following 27 per cent in the previous year. Profit or loss fell to €151 million (previous year: €177 million) and earnings per preferred share (based on share of earnings attributable to the shareholders of Jungheinrich AG) came to €1.49 (previous year: €1.75).

The Board of Management of Jungheinrich AG proposes a dividend payout of €0.41 (previous year: €0.46) per ordinary share and €0.43 (previous year: €0.48) per preferred share. This dividend proposal will result in a total payout of €43 million (previous year: €48 million). The payment ratio of 28 per cent (previous year: 27 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 operative 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 2020, the medium-term cash credit agreements in place amounted to €300 million. These are being supplemented by short-term credit lines of €171 million. They largely comprise the bilateral credit lines with individual foreign subsidiaries at banks. 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. A credit agreement for €100 million in place for the short- to medium-term financing of R&D expenditure had not been used as at the balance sheet date. An operating loan for €50 million was taken out in the second quarter of 2020 to provide for risk and secure liquidity during the Covid-19 pandemic. There are also promissory notes totalling €200 million. Credit or promissory note agreements do not contain financial covenants.

Stable financial position and capital structure

At €981 million, cash and cash equivalents and securities at the end of 2020 were €385 million – and thus very significantly – higher than in the previous year (€596 million). As of 31 December 2020, net credit therefore stood at €194 million (31 December 2019: net debt of €172 million). The €366 million improvement resulted from the noticeable lower capital expenditure, the decreased supply of new trucks to the short-term rental fleet and the release of working capital for operational reasons.

Shareholders' equity in € million

Equity ratio in %

Capital structure

in € million	31/12/2020	31/12/2019	Change %
Shareholders' equity	1,546	1,488	3.9
Non-current liabilities	2,181	2,252	–3.2
Provisions for pensions and similar obligations	240	240	–
Financial liabilities	510	581	–12.2
Liabilities from financial services	1,299	1,287	0.9
Other liabilities	132	145	–9.0
Current liabilities	1,684	1,491	12.9
Other provisions	244	216	13.0
Financial liabilities	277	187	48.1
Liabilities from financial services	504	473	6.6
Trade accounts payable	384	365	5.2
Other liabilities	275	250	10.0
Balance sheet total	5,411	5,231	3.4

Table contains rounding differences.

The respectable earnings trend was a significant factor in the €58 million increase in shareholders' equity. This was offset mainly by the dividend payment of €48 million (previous year: €50 million). In addition, there were further charges outside profit or loss, mainly from currency translation. The equity ratio thus rose slightly to 29 per cent (previous year: 28 per cent). Adjusted for all effects from the "Financial Services" segment, the shareholder's equity for "Intralogistics" amounted to 45 per cent (previous year: 46 per cent).

Provisions for pensions and similar obligations remained at €240 million, the same level as at the end of the 2019 financial year. The Group's non-current and current financial liabilities increased slightly by €19 million to €787 million, primarily due to an additional medium-term loan (previous year: €768 million). At €1,803 million, non-current and current liabilities from financial services were only slightly above the value as of 31 December 2019 (€1,760 million) due to business-related factors. Other current provisions increased by €28 million to €244 million compared to the previous year (€216 million). The increase resulted primarily from the rise in provisions for warranty obligations and onerous contracts as well as in personnel. Trade accounts payable increased as at the reporting date to €384 million (previous year: €365 million). Other current and non-current liabilities increased slightly to €407 million (previous year: €395 million).

Statement of cash flows[1]

in € million	2020	2019
Profit or loss	151	177
Depreciation, amortisation and impairment losses	433	408
Changes in trucks for short-term rental and trucks for lease (excluding depreciation) and receivables from financial services	–254	–454
Changes in liabilities from financing trucks for short-term rental and financial services	52	194
Changes in working capital	110	–7
Other changes	59	27
Cash flows from operating activities	551	345
Cash flows from investing activities[2]	–102	–195
Cash flows from financing activities	–57	–75
Net cash changes in cash and cash equivalents[2]	392	75

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 €–124 million (previous year: €–13 million).

Cash flow from operating activities significantly increased

Cash flow from operating activities reached €551 million for the reporting year, a significant increase of €206 million compared with the previous year (€345 million). The strong growth was driven by the business-related release of working capital in the amount of €110 million in 2020. In addition, the significantly reduced cash outflow for additions to trucks for short-term rental and trucks for lease and receivables from financial services compared to the previous year provided relief, as it was €58 million lower than in the previous year after taking into account the underlying financing in the reporting period. The €32 million increase in effects resulted from other changes primarily dominated by the additions to provisions for warranty obligations and onerous contracts.

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 €–124 million (previous year: €–13 million) that are included in this item. The resulting cash flow from investing activities of €–102 million in the reporting period was €93 million lower than in the same period of the previous year (€–195 million) due to restrained investments in expansion and replacements.

Cash flow from financing activities increased slightly to €–57 million (previous year: €–75 million). The main reason for this was the slight net increase in medium and long-term loans taken out as part of Group financing.

Non-current assets decrease due to restraint in capital expenditure

Due to significantly lower volumes in capital expenditure in comparison with the previous year and in particular impairment losses on intangible assets, the carrying amounts of intangible assets and property, plant and equipment declined €61 million from €905 million in the previous year to €844 million as at the balance sheet date.

Balance sheet total in € million

Asset structure

in € million	31/12/2020	31/12/2019	Change %
Non-current assets	2,858	2,960	–3.4
Intangible assets and property, plant and equipment	844	905	–6.7
Trucks for short-term rental and trucks for lease	805	911	–11.6
Receivables from financial services	986	941	4.8
Other assets (including financial assets)	192	182	5.5
Securities	31	21	47.6
Current assets	2,553	2,271	12.4
Inventories	537	593	–9.4
Trade accounts receivable	672	708	–5.1
Receivables from financial services	341	319	6.9
Other assets	53	76	–30.3
Cash and cash equivalents and securities	950	575	65.2
Balance sheet total	5,411	5,231	3.4

Due to the reduction in the number of trucks, the carrying amounts for trucks for short-term rental and trucks for lease decreased by €106 million to €805 million (previous year: €911 million). The carrying amounts for trucks for short-term rental amounted to €289 million as at the balance sheet date, following €353 million in the previous year. Trucks for lease from financial services decreased from €558 million in the previous year to €516 million in the reporting year. Non-current and current receivables from financial services were up slightly on the previous year (€1,260 million) at €1,327 million.

Inventories were reduced by €56 million to €537 million (previous year: €593 million) due to lower demand. Current trade accounts receivable sank by €36 million to €672 million (previous year: €708 million) due to business-related factors. The decline of €23 million in other current assets from €76 million in the previous year to €53 million in the reporting year was primarily due to a decrease in sales tax credits as at the balance sheet date and the decrease in assets from the measurement of funded pension plans. The steep increase of €375 million in cash and cash equivalents and current securities as at the balance sheet date to €950 million (previous year: €575 million) was essentially in connection with the significantly lower capital expenditure, the decreased supply of new trucks to the short-term rental fleet and the release of working capital for operational reasons.

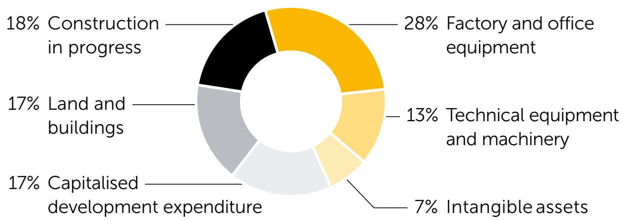
Capital expenditure halved to €75 million

Due to a restrained investment policy against the backdrop of the uncertainties resulting from the coronavirus crisis, capital expenditure dropped very significantly by 52 per cent to €75 million. In the year under review, capital expenditure was invested mainly in the expansion of the plant in Degernpoint and in the plant extension for stacker cranes in Hungary. The very high figure from the previous year included significant amounts for the capacity expansion for the production of lithium-ion batteries and the expansion of the head office in Hamburg. As at the balance sheet date, capital expenditure commitments for property, plant and equipment alone amounted to €13 million. Capital expenditure was financed with the company's own resources and external 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 2020[1]



1 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 secure long-term customer loyalty.

All opportunities and risks 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 ensures a financing structure and form 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 €338 million as of 31 December 2020 (previous year: €336 million).

Key figures for financial services

in € million	31/12/2020	31/12/2019	Change %
Original value of new contracts[1]	755	898	–15.9
Original value of contracts on hand	3,335	3,199	4.3
Trucks for lease from financial services	641	684	–6.3
Receivables from financial services	1,327	1,260	5.3
Shareholders' equity	73	66	10.6
Liabilities	2,214	2,200	0.6
Revenue[1]	1,121	1,167	–3.9
EBIT[1]	9	9	–

1 1 January–31 December.

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 companies.

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 still above €1 billion despite decline in demand

New long-term financial service agreements decreased by €143 million in 2020 (previous year: increase of €108 million). Regionally, the United Kingdom stands out with a decline in the value of new business of 44 per cent caused by the coronavirus. 66 per cent of the increase in agreements was attributable to the eight countries with Jungheinrich financial services companies (previous year: 68 per cent).

At the end of 2020, existing agreements totalled 197 thousand units, 4 per cent more than the previous year (189 thousand units). This represents an original value of €3,335 million (previous year: €3,199 million).

Relative to the number of new trucks sold, 40 per cent were sold via financial service agreements (previous year: 41 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 Italy, Norway and Brazil.

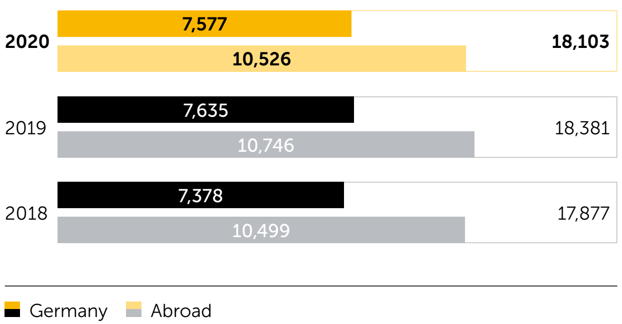
Against the background of the decline in demand, revenue in the "Financial Services" segment fell by 4 per cent to €1,121 million (previous year: €1,167 million), but remained above the €1 billion mark.

Employees

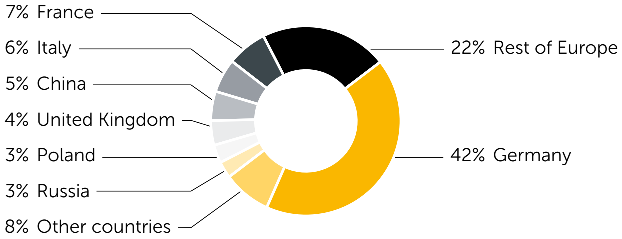
Reduction in employee capacity due to restrained personnel policy

The comprehensive cost savings achieved by Jungheinrich in the 2020 reporting year were primarily the result of a restrained personnel policy. Vacant positions were not immediately filled, and a planned increase in staff was postponed to subsequent years or was absorbed by measures to increase efficiency. On 31 December 2020, the Group had 18,103 (previous year: 18,381) employees (measured in full-time equivalent). This corresponds to a slight reduction of 278 employees. Part-time employees were taken into account according to their hours.

Employees in FTE; as of 31/12



Employees in 2020 by region As of 31/12/2020



in FTE	2020	2019	Change %
Germany	7,577	7,635	–0.8
France	1,213	1,230	–1.4
Italy	1,071	1,073	–0.2
United Kingdom	762	793	–3.9
Poland	565	614	–8.0
Russia	524	531	–1.3
Rest of Europe	4,057	4,078	–0.5
China	809	849	–4.7
Other countries	1,525	1,578	–3.4
Total	**18,103**	**18,381**	**–1.5**

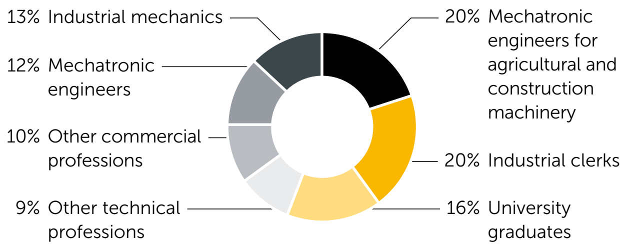
In order to be able to react more flexibly to workload fluctuation, temporary workers are employed alongside the permanent workforce in production plants. In light of the decrease in the number of units produced in the year under review, the number of temporary workers also decreased on average throughout the year by about a half to 251 (previous year: 512). As of 31 December 2020, 324 (previous year: 335) temporary workers were still employed in the Group.

As in the previous year, after-sales services accounted for 43 per cent of the workforce or 7,854 of our employees (previous year: 7,926). Of this figure, 5,524 were after-sales service technicians located around the world (previous year: 5,536).

Training rate remains high

As of 31 December 2020, the Group had 490 (previous year: 493) trainees and apprentices, of which 351 (previous year: 334) are based in Germany. The Jungheinrich Group offers 22 different apprenticeships in Germany, and dual study courses in cooperation with universities. Since August 2020, a further dual course of study has been offered in mechatronics/electronics. The number of trainees and apprentices on dual study courses was 16 per cent in 2020 – based on the number of trainees and apprentices in Germany (previous year: 17 per cent).

Apprenticeable professions[1] As of 31/12/2020



1 Basis: 351 apprentices in Germany.

Personnel changes

Sabine Neuß took over as a new member of the Board of Management of Jungheinrich AG with responsibility for Technics on 1 January 2020. Until that date, Dr Lars Brzoska had been in charge of Technics in addition to his other duties.

On 31 March 2020, Dr Klaus-Dieter Rosenbach left the company at his own request to retire. Responsibility for Logistics Systems, which he had headed until that date, was not replaced. Responsibility for the various divisions was divided among the remaining four Board of Management functions.

LEGAL DISCLOSURE

Remuneration report

The principle of corporate governance aimed at increasing the company's success in a value-oriented, sustainable manner applies to all managers at Jungheinrich. This principle is the basis for individual remuneration systems which follow the key Group management performance parameters. These consist of a growth component and an earnings component. The main focus in setting targets will be on the earnings component.

Board of Management remuneration

The following applies to the remuneration system for the Board of Management in effect up to and including the reporting year.

The Board of Management's remuneration, which consists virtually exclusively of cash payments, includes one fixed and one variable component and takes into consideration the legally required remuneration components measured over a number of years. The variable part of the remuneration should be equal to the fixed salary, but can be over 50 per cent of the total cash remuneration in cases of outstanding target achievement. The variable component's separately recorded achievement parameters consist of revenue growth in the Jungheinrich Group and EBT return on sales, or their absolute values in millions of euros. In line with the Group's strategic direction, the targets are regularly reviewed by the Supervisory Board and adjusted where necessary based on multi-year targets and annual planning. Payment of the variable remuneration component is staggered over a period of three years. If an employment contract is terminated for extraordinary reasons, this payment will be made immediately upon the member leaving the Board of Management.

The Board of Management employment contracts include the normal provisions for upper limits to severance payments and changes in company control. These provisions are in line with the recommendations of the German Corporate Governance Code.

Pensions for the Board of Management are based purely on the individual's years of service with a lead-in period until the member has a right of non-forfeiture. It does not take salaries into account.

In accordance with the new provisions of the Shareholder Rights Directive (SRD II) and the new German Corporate Governance Code as amended on 16 December 2019, the Supervisory Board has drawn up a new remuneration system for the Board of Management, which will comply with the requirements of SRD II and the new Code with the exception of the holding period for the long-term variable grant amounts of Board of Management remuneration (after three years and not after four years, as provided for in recommendation G.10 of the Code). This new remuneration system will be submitted to the Annual General Meeting on 11 May 2021 for approval.

Supervisory Board remuneration

In addition to the reimbursement of out-of-pocket expenses, the remuneration system valid until the end of the reporting year for the Supervisory Board stipulates that each Supervisory Board member receives €20,000 in fixed annual remuneration, as well as a variable annual remuneration, which depends on the return on equity achieved by the Jungheinrich Group in the three preceding financial years (including the baseline year). The threshold for this average is 10 per cent. Variable annual remuneration is increased by €4,000 for every half percentage point by which the threshold is exceeded, the maximum annual variable remuneration being capped at €40,000. The Chairperson receives three times and the Deputy Chairperson one-and-a-half times the aforementioned sums. Furthermore, members of Supervisory Board committees receive an additional fixed annual remuneration amounting to €25,000 for every member of the Personnel Committee or one of the Supervisory Board's ad hoc committees. The chairpersons of these committees receive twice this remuneration. Every member of the Finance and Audit Committee receives €30,000. The Chairperson of the Finance and Audit Committee receives two-and-a-half times this remuneration.

A new remuneration system for the Supervisory Board is to be proposed for resolution at the Annual General Meeting on 11 May 2021, consisting only of fixed remuneration components.

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

NON-FINANCIAL DECLARATION ACCORDING TO THE CSR GUIDELINE IMPLEMENTATION ACT

In accordance with the CSR Guideline Implementation Act, which aims to regulate non-financial corporate reporting, Jungheinrich is 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. Jungheinrich bases its reporting on the Global Reporting Initiative Standards (GRI).

The company fulfils this obligation in the form of a non-financial statement in accordance with Sections 289b and 315b of the German Commercial Code (HGB), which is a separate chapter of this annual report. This 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 and risk management system encompasses 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 an early risk detection system.
- The functions of all Group accounting process departments (e.g. corporate accounting, corporate controlling and Group treasury) are clearly assigned.
- IT systems employed in 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 risk management system has resulted in basic principles and courses of action being defined in a Group guideline.

Managing risks and opportunities

Jungheinrich's risk management system is an integral part of the management, planning and controlling processes. Measures for mitigating risks are incorporated in the Jungheinrich Group's risk management system. Precautionary risk measures are duly identified and reported to the Corporate Controlling division as part of the risk reporting procedure. This ensures a close working relationship between Group reporting and risk management. The Group-wide risk management system is constantly adapted and refined. Adjustments may include organisational measures, changes in risk quantification methods and constant updates of relevant parameters. The risk management system consists of the following elements:

- Group risk management guidelines,
- the Group Risk Committee,
- operational risk inventories of the sales and production companies, the business field heads and of the heads of cross-divisional or Group-wide functions,
- general Group reporting structure,
- the Corporate Compliance and Audit & Data Protection division.

The managers of the local operating companies (Sales and Production) are responsible for risk management within their units. Besides discussing issues pertaining to risks and opportunities at regular management meetings, the unit managers are obliged to take an inventory of risks and opportunities four times a year as part of the risk management process. The objective is to identify and assess the risk and opportunity position as realistically as possible. When taking inventory for the first time in a year, opportunities and risks are assessed based on the planned business trend. Inventories taken thereafter are assessed on the basis of the latest earnings forecast. The values determined in this manner are condensed into a total value – broken down into risks and opportunities – as part of a Group risk inventory, taking into account appropriate value thresholds and their probabilities of occurrence. The Group risk inventory is discussed and suitable measures are developed in the Group Risk Committee's quarterly meetings, which the Board of Management attends. A summary, which forms an integral part of the latest forecast, is regularly made available to the Supervisory Board. Reporting units must immediately submit quick risk reports to the Group Risk Committee whenever they identify risks or opportunities exceeding certain value thresholds between the inventory cut-off dates. The Corporate Compliance, Audit & Data Protection division is also involved in the risk management process as part of its audits. An additional risk management system specifically designed for financial services is in place in order to be able to identify the Financial Services business's potential risk exposure (residual value and financing risks, default risks on customer receivables) and assess it on an ongoing basis. A central contract database running on SAP Enterprise Resource Planning (ERP) software enables financial service agreements to be recorded and the risks arising from them to be assessed uniformly throughout the Group. In addition to the standard SAP software deployed, there is a software solution that is based on a database (Global Lease Center) for smaller sales units, particularly outside of Europe.

Risks and opportunities

At the beginning of the Covid-19 pandemic, 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 affected areas work in close communication with the respective authorities and implement the measures. In particular, Jungheinrich has taken precautionary measures to minimise the impact of the pandemic on supply chains and production. The focus is on staff, customers and business partners. The crisis teams analyse and adapt different scenarios daily to be able to respond appropriately to any situation. Preventive measures to secure liquidity were also defined based on possible stress scenarios arising as a result of the coronavirus.

The analysis of the finalised risk inventory, compiled in 2020 by the Group Risk Committee, revealed that none of the quantified risks were material. There are no risks that could jeopardise the Jungheinrich Group's continued existence in the 2021 financial year. The establishment of a hierarchy allows for risks and risk categories to be presented according to their relative significance in descending order. The significance is calculated based on their probability of occurrence and the possible impact on the attainment of forecasts or the pursued goals. Risks and opportunities that are most important to the Jungheinrich Group and generally valid given the business model are listed hereinafter.

General and sector-specific risks

Macroeconomic risks result from the economic development of individual countries and regions. In the European core markets in particular, cyclical fluctuations pose risks to business development, as Jungheinrich generates 87 per cent of its revenue in Europe.

The IMF currently anticipates global growth of 5.5 per cent in 2021. A 4.2 per cent increase in economic output is forecasted for the euro area.

According to current assessments, economic risks lie in escalations of trade conflicts; in geopolitical changes; in the implementation of the Withdrawal Agreement between the European Union and the United Kingdom; in the debt problem, particularly in some European countries, which could be exacerbated by numerous government aid measures to mitigate the negative consequences of the Covid-19 pandemic; and in volatile material and raw material costs and exchange rates.

Sector risks primarily result from the aforementioned economic factors for market development, the competitive environment and technological changes arising from automation as well as advancing digitalisation in intralogistics. In the year under review, the market volume for material handling equipment in Europe fell by 6 per cent, while the global market volume saw a rise of 9 per cent, driven by China.

Economic developments are continually observed and analysed based on the regular market evaluation 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 planning is adapted to the incoming orders expected on an ongoing basis. This reduces the risk arising from the underutilisation of production capacities.

Jungheinrich counters the risk of losing market shares and/or a downturn in business by continually enhancing the Group's product portfolio, expanding the scope of services, further intensifying sales, offering attractive financing solutions and implementing efficiency measures.

Operational risks

The consolidation of demand, as has been witnessed over several years, increases the pressure on market prices and thus constitutes an operational risk. The Group mitigates this risk primarily by continually expanding its product and service offerings and supplementing it by adding tailor-made customer solutions. This improves market penetration and customer loyalty.

Jungheinrich protects itself against general credit risks from accounts receivable by using an IT-based system to permanently monitor customers' creditworthiness and to regularly analyse outstanding receivables and their structure. In the reporting year, the analysis was carried out on a weekly basis due to the coronavirus. The majority of foreign revenue generated from business with third parties is covered by credit insurance policies.

Jungheinrich counteracts potential purchasing risks – which can currently arise in particular from coronavirus-related disruptions in the supply chain, in addition to the rising cost of materials and raw materials and quality problems – as part of its consistent risk management. Among other things, Jungheinrich uses control systems to monitor and analyse the financial creditworthiness and stability of the supply chains and transport routes. These systems help management detect, at an early stage, developments that significantly affect the availability and price development of materials and services, so that they can act accordingly. A Supply Chain Task Force specially set up against the backdrop of the Covid-19 pandemic in the reporting period analyses developments in the supply chains on a daily basis in order to take early and preventive action with regard to possible material bottlenecks as well as developments that have a major impact on material supply and to ensure the stability of the global supply chains. The range of coverage is communicated continuously.

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 limiting 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.

IT support for working outside the Jungheinrich locations was significantly expanded technologically in the reporting year against the backdrop of mobile working requirements due to the Covid-19 pandemic. Data protection and security measures were upgraded again. In addition to technical precautions, staff were informed about and made aware of the increased cybersecurity risks that mobile working poses.

Highly qualified personnel and executives are the foundation of any company's success. In times of increasing digitalisation and automation, the required qualifications are shifting strongly from traditional areas such as mechanical engineering to IT and electronics. Personnel risks may arise if a company fails to recruit or retain qualified employees in sufficient numbers – especially those in managerial and key positions. 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. For instance, executives and employees with special skill sets are identified at an international level and given special training through our talent management programme. This enables Jungheinrich to staff key functions at various management levels from within its own ranks over the long term. Including students from the subject areas of engineering and IT in the international trainee programme is another step in this direction. A high number of trainee positions will be maintained and even expanded in certain areas Group-wide in order to ensure that all future needs for skilled workers can be met. Since 2018, for example, Jungheinrich has recruited successors for after-sales service technicians in Germany through its own apprenticeship programme. Recruitment remains difficult for certain specialised engineering positions and IT specialists due to the high amount of demand in the industry. Jungheinrich employs temporary workers in order to avoid capacity utilisation risks and uses location-specific flexible working time accounts.

Service data and information that pertain to unusual incidents involving products and equipment are evaluated in order to mitigate product risks. Processes designed for this purpose have been established in Group-wide guidelines and receive the efficient support of the direct sales organisation and the rapid notification system it implements with regard to product safety behaviour. Anomalies are immediately examined together by the people responsible for the product in question, after-sales services and the Corporate Quality & Sustainability division, and in the case of safety concerns the Corporate Legal Affairs & Insurances division, too. If any action is necessary, measures, such as preventative modifications, for example, will be decided upon immediately and implemented internationally. There are also pilot customers involved in order to recognise technical risks at an early stage and, therefore, reduce these risks in the product development process. Such technical risks may jeopardise the marketability of the product. Needless to say, Jungheinrich protects product knowledge with patent registrations.

Impairment risks are constantly monitored by Corporate Controlling. 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. As part of this test, the carrying amount of the cash-generating units (CGUs) to which goodwill or other non-current assets are allocated is compared with the recoverable amount of these CGUs. The result depends on the future business expectations of the CGU. If future expectations do not materialise, there is a risk that goodwill and non-current assets will be impaired.

Risks associated with financial services

Residual value, refinancing and default risks on customer receivables are relevant risk management factors for the financial services business. Detailed rules governing the identification and assessment of risks are documented in Group-wide guidelines and the financial service companies' internal process descriptions.

Residual value risks

The opportunities and risks arising from the resale of truck returns from the financial services business are borne by the operating sales units. These residual value guarantees are calculated on the basis of a conservative uniform Group standard for maximum permissible residual values. 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 current fair value is lower than a contract's residual value, a suitable provision for this risk is recognised in the statement of financial position. If the current fair value exceeds a contract's residual value, there is a chance of recovery. Thus far, there have been no coronavirus-related impacts on the residual value risks from the financial services business.

Refinancing risks

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 or form through powerful 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 against the backdrop of the coronavirus crisis. The refinancing lines remained available to Jungheinrich in the reporting year as they were at the end of the 2019 financial year.

Default risks on customer receivables

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.

Customer defaults on receivables, insolvencies and free early terminations of contracts with "break clauses" in the financial services business remained at a low level. A further deterioration of the general economic situation, particularly driven by a possible wave of insolvencies as a result of the coronavirus crisis, could in principle lead to an increase in contract terminations in the financial services business.

Financial risks

Due to its international activities and dynamic developments on the financial markets, the Jungheinrich Group is subject to risks arising from changes to interest and exchange rates. This, in turn, results in operational risks that are regularly monitored and managed through risk management. Jungheinrich also employs financial instruments, such as currency forwards, currency swaps, currency options and interest rate swaps. Building on statutory corporate risk management 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.

The company's good credit rating and solid structure based on the statement of financial position continued to prove very valuable in the last financial year during credit procurement. As of 31 December 2020, Jungheinrich had confirmed credit facilities amounting to €471 million, of which only a small portion was used, and promissory notes worth a total of €200 million. The maturities for the credit lines and 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.

In the wake of the Covid-19 pandemic, the management and monitoring of Group liquidity was intensified. A rolling operational liquidity forecast supplements the medium-term liquidity forecast derived from cash flow planning. In some countries, the relief measures provided locally by the state were being used, for example deferrals for tax liabilities or social security contributions.

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 Jungheinrich Group is exposed to risks from having contractual partners, which arise when contractual agreements are not fulfilled by partners – usually international financial institutes. Due to the risk indicators employed within the Group – especially ratings determined by recognised ratings agencies that are regularly updated – and spreads for credit default swaps, there is no significant risk of dependence on specific contractual partners. The general credit risk from the derivative financial instruments employed is considered negligible. Derivative financial instruments are used exclusively to hedge against changes to interest rates and exchange rates in existing underlying transactions.

Further information regarding financial instruments can be found in the Jungheinrich AG consolidated financial statement page 85.

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.

Legal risks

The Group is 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.

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. A number of Group companies are parties to or involved in legal procedures, the outcomes of which cannot be predicted with certainty. Appropriate provisions have been established to cover potential financial burdens resulting from risks relating to these lawsuits. The Group has adequate insurance coverage for claims filed against Group companies on grounds of allegedly faulty products.

In the area of data protection, there are risks of fines arising from the General Data Protection Regulation (GDPR). Jungheinrich countered these risks with a number of measures for implementing the stricter regulations. Specifically, the Group guidelines were amended to reflect the 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 new requirements by implementing stricter technical and organisational measures (TOMs). The data protection challenges in the context of the Covid-19 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.

General opportunities resulting from sector developments

The general economic environment and the development of the material handling equipment market affect the Jungheinrich Group's business activity, as well as its earnings and financial position. The forecast for 2021 is based on expert assessments of economic trends and our own assessments of the market. Consequently, incoming orders, revenue and EBIT may exceed the company's forecast. The most significant opportunity for Jungheinrich results from a noticeably more positive economic development in Europe than currently assumed. This could result in particular from a successful containment of the Covid-19 pandemic through various measures, such as vaccination of large parts of the population.

Operational business opportunities

In addition, opportunities for Jungheinrich's business development could arise from lower procurement costs than currently expected, provided that raw material and material price increases are less than forecast. On the sales side, opportunities may arise from the appreciation of major currencies against the euro.

Additional opportunities may arise from new products and services, as well as from the ongoing trend towards automation, digitalisation and interconnectivity in the field of intralogistics. For example, service offerings in the field of fleet management and the expansion of business activities in the field of integrated holistic solutions for intralogistics may present additional opportunities.

Beyond this, technological developments in energy storage systems, particularly in the use of lithium-ion technology, may also create additional opportunities for Jungheinrich to expand its already strong position on the market for electric material handling equipment even further.

Overall assessment of the risk situation and opportunities by company management

Material and controllable risks and opportunities have been identified and evaluated with our risk management system. The risks are limited – to the extent possible – by taking appropriate measures. Opportunities for Jungheinrich arise primarily from macroeconomic and industry-dependent developments that are within the company's sphere of influence only to a limited extent. Opportunities arising from product or technology development are regularly recorded and evaluated. The development of material risks and opportunities over time is regularly monitored at Group level.

Currently, we have not identified any risks that could either individually or in combination with other risks materially jeopardise the Jungheinrich Group's earnings, financial or asset position or pose a threat to its existence.

FORECAST REPORT

Containment measures against the coronavirus show initial success and improve global growth prospects

The IMF expects populations in developed countries and some emerging economies to have widespread access to coronavirus vaccines from the summer onwards, despite the slow ramp-up in vaccine production and logistical challenges in implementing vaccination campaigns. It expects global economic output to increase markedly by 5.5 per cent this year (2020: –3.5 per cent). The main drivers of growth should be China and the USA in particular, but Europe should also contribute to this development. In addition to the positive stimuli from the vaccination campaigns, the IMF expects further economic injections, especially in the larger industrialised countries. Furthermore, raw materials prices are expected to rise. GDP in the USA is expected to be very robust with growth of 5.1 per cent against the backdrop of a stimulus package announcement (2020: –3.4 per cent). As a growth engine, the Chinese economy is forecast to see GDP rise by 8.1 per cent (2020: 2.3 per cent).

In the eurozone, the further course of the Covid-19 pandemic will be the dominant topic in 2021. Respectable economic growth of 4.2 per cent is forecast for this region (2020: –7.2 per cent). In the European Member States, the use of the Recovery Fund should help to boost the economy.

After the economic slumps in 2020, the countries in Europe should return to a growth path in 2021. For Germany, the IMF is comparatively cautious with an expected increase in economic output of 3.5 per cent (2020: –5.4 per cent). The industry association Verband Deutscher Maschinen- und Anlagenbau e.V. (VDMA) expects production levels to grow by 4.0 per cent in 2021, following a provisionally determined decline of 12.1 per cent in 2020. France's GDP is expected to grow dynamically by 5.5 per cent in 2021 after the drastic decline in economic output of 9.0 per cent in the previous year, while Italy's economic output is expected to increase by 3.0 per cent after a similarly severe slump in the previous year (–9.2 per cent). Economic growth of 4.5 per cent is expected for the United Kingdom (2020: –10.0 per cent). In Poland, economic momentum is expected to pick up (2.7 per cent; 2020: –3.4 per cent), whereas Russia's 2021 GDP growth is forecast to be slightly higher at 3.0 per cent (2020: –3.6 per cent).

As in previous years, France, Italy and the UK represent the most important markets for material handling equipment for Jungheinrich in Western Europe after Germany. In Eastern Europe, Poland and Russia represent the most important markets.

All IMF forecasts for 2021 remain subject to great uncertainty in view of the ongoing Covid-19 pandemic, the renewed increase in infections in many industrialised countries at the end of last year, as well as newly emerging virus mutations.

Growth rates for selected economic regions

Gross domestic product in %	2021 forecast
World	5.5
USA	5.1
China	8.1
Eurozone	4.2
Germany	3.5

Source: International Monetary Fund (as of 26 January 2021)

Continued growth expected in the world market for material handling equipment

Given the positive market development in recent months and the IMF's growth expectations for the global economy in the current year, we expect the global market for material handling equipment to continue to grow in 2021 compared to 2020. We expect growth in the mid-to-high single-digit per cent range. For our core market Europe, we anticipate market growth in the mid-single-digit per cent range. However, it is expected that the development in individual markets will be very different depending on the success of the containment measures and the respective implementation of national vaccination programmes.

2021 revenue target: €3.9 billion to €4.1 billion

Taking into account the economic and industry outlook described above, we have defined a target range of €3.9 billion to €4.1 billion for Group revenue in 2021 (2020: €3.8 billion). Incoming orders are also expected to range between €3.9 billion and €4.1 billion (2020: €3.8 billion). EBIT should amount to a value between €260 million and €310 million (2020: €218 million) in the current financial year. We anticipate EBIT return on sales of between 6.7 per cent and 7.6 per cent (2020: 5.7 per cent). With regard to the development of material costs, we expect prices to rise noticeably in line with the broad economic recovery. According to current estimates, EBT should reach €240 million to €290 million (2020: €200 million). We currently anticipate EBT return on sales of between 6.2 per cent and 7.1 per cent (2020: 5.3 per cent). This is based on the assumption that the financial market environment remains relatively stable.

To ensure our financial independence and to uphold an appropriate amount of financial leeway, we continue to maintain a high level of liquidity. We expect net credit to amount to significantly above €200 million at the end of 2021 (2020: net credit balance of €194 million). The definition of "cash flow ROS", the key performance indicator presented with the publication of the strategy in November 2020, will subsequently be worked out over the course of 2021. This performance indicator will be included and reported in forecasts from 2022 onwards.

ROCE for the 2021 financial year is expected to be between 14 and 18 per cent, due to the EBIT forecast that is significantly higher than the previous year's (2020: 13.5 per cent).

All forecast values refer to organic growth. Despite the start of vaccination campaigns, uncertainties remain regarding the further spread of the coronavirus and the associated impact on customer demand and supply chains. The forecast is based on the assumption that the Covid-19 pandemic will not lead to lockdown measures over the course of the year that are more extensive than in 2020 or even to plant closures, and that the supply chains will remain intact. We will continue to implement measures to ensure our ability to deliver.

General statement concerning the Jungheinrich Group's anticipated development

The most significant challenges for the 2021 financial year are continuing to manage the impact of the Covid-19 pandemic and responding promptly to changing market situations as a result, and continuously improving our cost position. We assume that the economy will be considerably more susceptible to fluctuation. As far as the global market volume for material handling equipment goes, we anticipate a noticeable recovery compared to 2020. Political risks, as well as terror attacks and armed conflict, could lead to unexpected and possibly significant changes to the general conditions under which we operate. Global trends in intralogistics, such as digitalisation, e-commerce and disruptive technologies in electric mobility as well as for interconnectivity and automation, on the other hand, offer opportunities for our business model.

Due to the factors mentioned above, we anticipate significant growth in incoming orders, revenue, EBIT and EBT, as well as in the accompanying rate of return in the current financial year.

Our robust business model, combined with our strong balance sheet and solid liquidity, enables us to ensure the implementation of our strategic goals 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, Jungheinrich AG holds shares directly and indirectly in both domestic and foreign subsidiaries. It maintains direct business relations in particular with 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. Income from affiliates is an important control parameter for Jungheinrich AG.

As of 31 December 2020, Jungheinrich AG had a total of 1,173 employees, including 166 trainees and apprentices (previous year: 1,161 employees, including 155 trainees and apprentices).

The overall economic and industry-related conditions correspond to those of the Group as described in the economic report page 50 f.

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 declined in 2020 to €191 million after €206 million in the previous year. The main reason for this was lower income from affiliates from the German plants, which experienced a noticeable decline in plant utilisation against the backdrop of the Covid-19 pandemic.

Jungheinrich AG's revenue in the 2020 financial year amounted to €200 million, compared to €203 million in the previous year. It includes remuneration for services, revenue from the rental of real estate and revenue from licensing agreements. Revenue from the remuneration of services of €120 million was slightly above the previous year's figure (€117 million). Revenue from the rental of real estate to domestic Group companies of €34 million was also similar to the previous year (€31 million). Revenue from licence agreements was 16 per cent lower year-on-year at €46 million than the previous year's figure of €55 million due to the lower volume of business at the plants.

Other operating income almost doubled from €18 million in the previous year to €35 million in the reporting year. The main reason for this was the significant increase of €11 million in compensation payments received from foreign companies on the basis of contractual agreements. In addition, the release of provisions for the expected utilisation of a contingent liability that did not happen and of value adjustments on receivables from a Group joint venture had an effect totalling €5 million. Due to the liquidation of this company, Jungheinrich AG was no longer called upon from the contingency and the loan was repaid in full.

Expenses developed as follows:

in € million	**2020**	2019
Cost of materials	3	4
Personnel expenses	122	117
Depreciation and amortisation of fixed assets	24	22
Other operating expenses	220	231

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 €5 million was mainly due to the increase in the average number of employees (measured in full-time equivalent, excluding trainees and apprentices) of 974 in 2019 by 22 to 996 employees in the 2020 financial year.

Other operating expenses decreased by €11 million from €231 million in the previous year to €220 million. This was due to significantly lower compensation payments to the domestic plants and to foreign Group companies on the basis of contractual agreements.

R&D expenditure, including the use of services provided by third parties and affiliated companies, arise mainly from the use of services provided by affiliated companies. At €78 million, they were up 5 per cent against the previous year (€74 million).

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

in € million	2020	2019
Earnings before interest and taxes	58	53
Net interest	–2	3
Earnings before taxes	56	56
Taxes on income and other taxes	–35	–39
Profit for the year	91	95

The decline in income from affiliates was more than offset by the increase in other operating income, so that earnings before interest and taxes were €5 million higher than in the previous year. Due to the significant decline in interest income, especially from Group companies, the interest result fell from the previous year (€3 million) to €–2 million in the reporting year. Earnings before taxes thus reached the previous year's value of €56 million.

At €35 million, the net income from taxes on income and other taxes was slightly lower than in the previous year (€39 million). This includes the income tax allocations demanded from the operating companies in the legal form of AG & Co KG, which fell to €57 million compared to the previous year (€65 million) due to the reduced income from affiliates. The expense from effective taxes in particular developed positively in the opposite direction.

Jungheinrich AG closed the 2020 financial year with a slightly lower net income of €91 million compared to the previous year (€95 million). Originally, against the backdrop of noticeably lower expected income from affiliates, a more significant decline in the net income for the year was expected. In accordance with Section 58, Paragraph 2 of the German Stock Corporation Act (AktG), €45 million of the net profit for the year was transferred to other retained earnings.

Capital expenditure

Additions to fixed assets amounted to €29 million in the reporting period and were thus significantly below the previous year's figure (€62 million). The most significant amounts were for the investment in Magazino and the expansion of the Degernpoint plant. As at the balance sheet date, Jungheinrich AG's purchase commitments amounted to €3 million. Capital expenditure was financed both with the company's own resources as well as with external 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 55.

The asset structure of Jungheinrich AG is as follows:

in € million	31/12/2020	31/12/2019
Non-current assets	639	634
Receivables from affiliated companies	424	518
Bank balances and securities	773	452
Other assets	12	28
Balance sheet total	1,848	1,632

Fixed assets increased only slightly in 2020 to €639 million (previous year: €634 million) due to the significantly lower capital expenditure compared to the previous year.

The decrease of €94 million in receivables from affiliated companies resulted from the reduced 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 strong decrease was essentially determined by the improved liquidity situation of the domestic plants.

The increase in bank balances and securities by €321 million to €773 million resulted in particular from the positive balance of Group financing within the framework of central liquidity management and the raising of a medium-term loan.

The capital structure of Jungheinrich AG is as follows:

in € million	31/12/2020	31/12/2019
Shareholders' equity	1,085	1,042
Provisions for pensions	34	33
Other provisions	29	29
Liabilities due to banks	383	307
Liabilities to affiliated companies	298	199
Other liabilities	19	22
Balance sheet total	**1,848**	**1,632**

The shareholders' equity of Jungheinrich AG amounted to €1,085 million as at the balance sheet date and was thus €43 million higher than in the previous year (€1,042 million). The profit for the year of €91 million was offset by the dividend payments of €48 million for the previous financial year. The equity ratio fell to 59 per cent (previous year: 64 per cent).

Liabilities due to banks increased by €76 million year-on-year. The main reason for this was the additional raising of a medium-term loan taken out as part of Group financing.

At €298 million, liabilities to affiliated companies were significantly higher than in the previous year (€199 million). The increase was mainly due to the release of working capital and the significantly lower additions to the short-term rental fleet in the Group sales companies.

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 62 ff.

Forecast report

We report on our prospects and plans for operations in our Forecast report page 69 f.

Provided our expectations regarding market and revenue development are met, the operating results of the subsidiaries of Jungheinrich AG will be significantly higher in 2021 than in 2020. As a result, the total income from affiliates and Jungheinrich AG's profit for the year should also be significantly higher in 2021 than in the previous year.

Unforeseeable developments may cause the actual business trend to differ in future from the Jungheinrich management's expectations, assumptions and estimates that are reproduced in this combined management report. Factors that may lead to such deviations include changes in the economic environment – including the consequences of the further development of the Covid-19 pandemic – within the material handling equipment sector, as well as changes to exchange rate and interest rates. No responsibility is therefore taken for the forward-looking statements in this combined management report.

Hamburg, 5 March 2021

Jungheinrich Aktiengesellschaft
The Board of Management

Dr Lars Brzoska Christian Erlach

Dr Volker Hues Sabine Neuß

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

in € thousand	Notes	2020	2019
Revenue	(3)	**3,808,674**	**4,072,994**
Cost of sales	(4)	2,661,659	2,888,210
Gross profit on sales		**1,147,015**	**1,184,784**
Selling expenses		698,338	716,544
Research and development costs	(12)	106,929	89,924
General administrative expenses		120,623	112,383
Other operating income	(7)	10,592	5,158
Other operating expenses	(8)	14,554	9,871
Income (expense) from companies accounted for using the equity method	(16)	981	1,349
Earnings before interest and income taxes		**218,144**	**262,569**
Interest income	(9)	1,451	950
Interest expenses	(9)	13,534	14,729
Other financial income (expense)	(10)	–6,515	–6,951
Financial income (expense)		**–18,598**	**–20,730**
Earnings before taxes		**199,546**	**241,839**
Income tax expense	(11)	48,778	65,062
Profit or loss		**150,768**	**176,777**
thereof attributable to non-controlling interests		–509	–278
thereof attributable to the shareholders of Jungheinrich AG		151,277	177,055
Earnings per share in € (diluted/undiluted) based on profit or loss attributable to the shareholders of Jungheinrich AG	(38)		
Ordinary shares		**1.47**	**1.73**
Preferred shares		**1.49**	**1.75**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in € thousand	2020	2019
Profit or loss	150,768	176,777
Items which may be reclassified to the consolidated statement of profit or loss in the future		
Income (expense) from the measurement of financial instruments with a hedging relationship	2,368	–3,938
Income (expense) from currency translation	–38,473	10,895
Income (expense) from investments measured using the equity method	593	–
Items which will not be reclassified to the consolidated statement of profit or loss		
Income (expense) from the measurement of pensions	–9,111	–8,569
Other comprehensive income (expense)	**–44,623**	**–1,612**
Comprehensive income (expense)	106,145	175,165
thereof attributable to non-controlling interests	–509	–278
thereof attributable to the shareholders of Jungheinrich AG	106,654	175,443

The consolidated statement of comprehensive income is explained in note (24) page 113.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

in € thousand	Notes	31/12/2020	31/12/2019
Non-current assets			
Intangible assets	(12)	120,218	173,184
Property, plant and equipment	(13)	723,439	732,300
Trucks for short-term rental	(14)	288,895	352,575
Trucks for lease from financial services	(15)	515,879	558,057
Investments measured using the equity method	(16)	42,242	41,606
Other financial assets	(17)	9,233	348
Trade accounts receivable	(19)	9,349	10,126
Receivables from financial services	(20)	985,476	940,965
Derivative financial assets	(36)	43	196
Other receivables and other assets[1]	(21)	11,159	17,327
Securities	(22)	30,705	20,972
Deferred tax assets	(11)	121,889	112,409
		2,858,527	**2,960,065**
Current assets			
Inventories	(18)	537,454	592,698
Trade accounts receivable and contract assets	(19)	671,961	708,500
Receivables from financial services	(20)	341,505	318,975
Income tax receivables		8,534	17,338
Derivative financial assets	(36)	2,474	744
Other receivables and other assets[1]	(21)	40,601	58,047
Securities	(22)	262,323	192,246
Cash and cash equivalents	(23)	688,034	382,304
		2,552,886	**2,270,852**
		5,411,413	**5,230,917**

Shareholders' equity and liabilities

in € thousand	Notes	31/12/2020	31/12/2019
Shareholders' equity	(24)		
Subscribed capital		102,000	102,000
Capital reserves		78,385	78,385
Retained earnings		1,496,064	1,392,667
Accumulated other comprehensive income (expense)		(130,078)	(85,455)
Equity attributable to the shareholders of Jungheinrich AG		1,546,371	1,487,597
Non-controlling interests		158	667
		1,546,529	**1,488,264**
Non-current liabilities			
Provisions for pensions and similar obligations	(25)	240,160	239,650
Other provisions	(26)	60,056	49,725
Deferred tax liabilities	(11)	22,476	28,911
Financial liabilities	(27)	510,384	580,501
Liabilities from financial services	(28)	1,299,065	1,286,504
Derivative financial liabilities	(36)	2,030	1,981
Other liabilities	(30)	1,620	1,289
Deferred income	(31)	45,409	63,579
		2,181,200	**2,252,140**
Current liabilities			
Income tax liabilities		17,029	9,725
Other provisions	(26)	243,568	216,472
Financial liabilities	(27)	276,969	187,090
Liabilities from financial services	(28)	503,864	473,489
Trade accounts payable	(29)	383,673	365,095
Derivative financial liabilities	(36)	4,081	8,823
Other liabilities	(30)	222,201	192,946
Deferred income	(31)	32,299	36,873
		1,683,684	**1,490,513**
		5,411,413	**5,230,917**

1 Beginning with the 2020 financial year, prepaid expenses are recognised under "Other receivables and other assets". The previous year's figures have been adjusted accordingly.

CONSOLIDATED STATEMENT OF CASH FLOWS

in € thousand	2020	2019
Profit or loss	150,768	176,777
Depreciation, amortisation and impairment losses (excluding trucks for short-term rental and trucks for lease)	199,678	161,870
Depreciation and impairment losses of trucks for short-term rental and trucks for lease	233,287	245,848
Changes in provisions	43,567	55,003
Changes in trucks for short-term rental and trucks for lease (excluding depreciation)	–154,602	–238,421
Income from the disposal of property, plant and equipment and intangible assets and other financial assets	1,043	167
Changes deriving from companies accounted for using the equity method	1,094	1,883
Changes in deferred assets and liabilities	–14,842	–4,531
Change		
Inventories	41,926	23,464
Trade accounts receivable and contract assets	18,282	12,708
Receivables from financial services	–98,960	–215,648
Trade accounts payable	23,689	–35,019
Liabilities from financial services	68,470	233,957
Liabilities from financing trucks for short-term rental	–16,567	–39,715
Other operating assets	24,845	2,072
Other operating liabilities	29,133	–35,259
Cash flow from operating activities	550,811	345,156
Payments for investments in property, plant and equipment and intangible assets	–90,472	–186,162
Proceeds from the disposal of property, plant and equipment and intangible assets	7,255	3,417
Payments for investments in companies accounted for using the equity method and other financial assets	–18,629	–7,621
Proceeds from the disposal of other financial assets	35	–
Payments for the acquisition of companies and business areas, net of acquired cash and cash equivalents	–	–4,687
Payments for the purchase of securities	–482,065	–144,035
Proceeds from the sale/maturity of securities	403,026	120,681
Proceeds from investments in term deposits[1]	105,000	115,000
Payments for investments in term deposits[1]	–150,000	–105,000
Cash flow from investing activities	–225,850	–208,407
Dividends paid to the shareholders of Jungheinrich AG	–47,880	–49,920
Changes in short-term liabilities due to banks	–2,408	11,991
Proceeds from obtaining long-term financial loans	63,500	47,526
Repayments of long-term financial loans	–21,289	–36,907
Repayments of lease liabilities	–48,621	–48,114
Cash flows from financing activities	–56,698	–75,424
Net cash changes in cash and cash equivalents	268,263	61,325
Changes in cash and cash equivalents due to changes in exchange rates	–8,134	–2,427
Changes in cash and cash equivalents	260,129	58,898
Cash and cash equivalents on 01/01[1]	266,898	208,000
Cash and cash equivalents on 31/12[1]	527,027	266,898

1 Including retroactive adjustments in compliance with IAS 8.41. Details can be found in note (33) page 128.

Receipts and payments relating to cash flows from operating activities

in € thousand	2020	2019
Interest paid	47,045	46,435
Interest received	74,381	68,341
Dividends received	2,668	3,870
Income tax expense	43,211	68,199

The consolidated statement of cash flows is explained in note (33) page 128.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in € thousand	Subscribed capital	Capital reserve	Retained earnings	Accumulated other comprehensive income (expense)						
				Currency conversion	Remeasurement of pensions	Market valuation of financial instruments with a hedging relationship	At-equity measured interests	Equity attributable to shareholders of Jungheinrich AG	Non-controlling interests	**Total**
Balance on 01/01/2020	**102,000**	**78,385**	**1,392,667**	**21**	**–81,012**	**–4,464**	**–**	**1,487,597**	**667**	**1,488,264**
Dividend for the previous year	–	–	–47,880	–	–	–	–	–47,880	–	–47,880
Profit or loss	–	–	151,277	–	–	–	–	151,277	–509	150,768
Other comprehensive income (expense)	–	–	–	–38,473	–9,111	2,368	593	–44,623	–	–44,623
Comprehensive income (expense)	–	–	151,277	–38,473	–9,111	2,368	593	106,654	–509	106,145
Balance on 31/12/2020	**102,000**	**78,385**	**1,496,064**	**–38,452**	**–90,123**	**–2,096**	**593**	**1,546,371**	**158**	**1,546,529**
Balance on 01/01/2019	102,000	78,385	1,265,532	–10,874	–72,443	–526	–	1,362,074	–	1,362,074
Dividend for the previous year	–	–	–49,920	–	–	–	–	–49,920	–	–49,920
Profit or loss	–	–	177,055	–	–	–	–	177,055	–278	176,777
Other comprehensive income (expense)	–	–	–	10,895	–8,569	–3,938	–	–1,612	–	–1,612
Comprehensive income (expense)	–	–	177,055	10,895	–8,569	–3,938	–	175,443	–278	175,165
Non-controlling interests from business combinations	–	–	–	–	–	–	–	–	945	945
Balance on 31/12/2019	**102,000**	**78,385**	**1,392,667**	**21**	**–81,012**	**–4,464**	**–**	**1,487,597**	**667**	**1,488,264**

The consolidated statement of changes in equity is explained in note (24) page 113.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

GENERAL INFORMATION

(1) Purpose of the company

Jungheinrich AG is headquartered at Friedrich-Ebert-Damm 129 in Hamburg (Germany) and is registered with the commercial register kept at the Hamburg District court under HRB 44885.

The Jungheinrich Group operates on an international level – with a main focus on Europe – as an intralogistics solutions provider with an extensive portfolio of material handling equipment, automatic systems and services. 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.

Material handling equipment is manufactured at the production plants in Norderstedt, Moosburg, Degernpoint, Landsberg and Lüneburg (all in Germany) as well as at the production plant in Qingpu/Shanghai (China).

Used material handling equipment is reconditioned in the used equipment centre in Klipphausen/Dresden (Germany).

In 2019, Jungheinrich AG and Triathlon Holding GmbH established JT Energy Systems GmbH, Freiberg, to develop, manufacture and recondition lithium-ion batteries. Jungheinrich is the majority shareholder in this venture.

Jungheinrich maintains a large and close-knit direct sales network with 28 proprietary sales companies in European countries. Additional foreign companies are located in Australia, Brazil, Chile, China, Colombia, Ecuador, India, Malaysia, Peru, Singapore, South Africa and Thailand. Jungheinrich product distribution in North America is handled by an exclusive distribution partner.

Furthermore, Jungheinrich products are also distributed via local dealers – especially overseas.

Stacker cranes and load handling equipment are manufactured in plants in Munich (Germany), Gyöngyös (Hungary) and Kunshan (China) and sold under the MIAS brand all over the world.

(2) Accounting principles

Fundamentals

Jungheinrich AG prepared the consolidated financial statements for the financial year ending on 31 December 2020 in compliance with the International Financial Reporting Standards (IFRS). All standards and interpretations of the IFRS Interpretations Committee endorsed by the EU and effective as at the balance sheet date were applied. Regulations under commercial law pursuant to Section 315e of the German Commercial Code (HGB) were complementarily taken into account.

The consolidated financial statements have been prepared in euros (€). Unless indicated otherwise, disclosure is in thousands of euros. The statement of profit or loss has been prepared using the cost of sales accounting method.

The consolidated financial statements for the period ended 31 December 2020 were approved for publication by the Board of Management on 5 March 2021.

Consolidation

Subsidiaries including structured entities over which Jungheinrich AG, Hamburg, can exercise direct or indirect control are included in the consolidated financial statements. Control can be exercised if the parent company has control over the subsidiary on the basis of voting rights or other rights, participates in the variable returns and can use its control to influence these returns. Structured entities which are controlled are also included in the scope of consolidation. Structured entities are companies in which the voting rights or comparable rights are not definitive for the determination of control. For example, this is the case if the voting rights only pertain to the administrative responsibilities and the material activities are regulated by way of contractual agreements.

Joint ventures and associated companies are reported using the equity method. A joint venture is a joint arrangement according to which Jungheinrich exercises control together with a partner company and has rights in the net assets of the investment together with this partner. Associated companies are companies where Jungheinrich AG, Hamburg, has a significant direct or indirect influence on the finance and business policies. A significant influence is said to exist if Jungheinrich holds a share of between 20 per cent and 50 per cent of the voting rights.

Subsidiaries, joint ventures and associated companies which are of subordinated importance to the Group and to the presentation of the actual assets, liabilities, financial position and profit or loss due to their dormancy or minimal business activity are accounted for at fair value.

Subsidiaries are included in the consolidated financial statements starting from the point in time at which Jungheinrich AG obtains control over the company until the point in time at which control by Jungheinrich AG ends.

The financial statements of Jungheinrich AG as the parent company and of included subsidiaries that are to be consolidated are prepared using uniform accounting and valuation methods as at the balance sheet date of the parent company.

The same accounting and valuation methods are used to determine the pro rata shareholders' equity of companies accounted for using the equity method.

Business combinations, in other words acquisitions of companies and business areas, are accounted for using the acquisition method in compliance with IFRS 3. Accordingly, the consideration transferred at the acquisition date is offset against the net assets measured at their fair values as of the date of acquisition. Transaction costs associated with business combinations are generally recognised in profit or loss. If the consideration transferred includes conditional consideration, the latter is measured at its fair value at the acquisition date. Identifiable assets acquired and liabilities assumed are also measured at their fair values at the acquisition date. If the acquisition costs are higher than the fair value of the identified net asset, the positive balance is capitalised as goodwill. If the fair value of the acquired net asset is higher than the acquisition costs, the negative balance is recognised as negative goodwill. This is recognised immediately in profit or loss in the year of acquisition. If the fair values of the business combination on the acquisition date can only be determined provisionally until their initial reporting date, the business combination is accounted for on the basis of these provisional figures. In accordance with IFRS 3.45, initial accounting observes the twelve-month measurement period from the acquisition date. All necessary adjustments to the determined fair values are booked against the provisional goodwill or negative goodwill within this measurement period. Non-controlling interests in shareholders' equity are reported under "Non-controlling interests" in shareholders' equity.

All receivables and liabilities, expenses and income as well as intragroup results within the scope of consolidation are eliminated within the framework of the consolidation.

Investments in companies accounted for using the equity method are recognised at their acquisition cost upon initial recognition. Changes in the pro rata shareholders' equity of the investments following acquisition are offset against the investments' carrying amount. The Jungheinrich Group's investments in companies accounted for using the equity method include goodwill arising at the time of their acquisition. Since this goodwill is not stated separately, it does not have to be separately tested for impairment pursuant to IAS 36. Instead, the investment's entire carrying amount is tested for impairment in accordance with IAS 36 as soon as there are indications of the recoverable amount dropping below the investment's carrying amount. If the recoverable amount is lower than the carrying amount of a company accounted for using the equity method, an impairment loss in the amount of the difference is recognised. Write-ups in subsequent reporting periods are recognised in profit or loss.

Currency translation

Cash and cash equivalents, receivables and liabilities in foreign currency in the Group companies' annual financial statements are translated at the exchange rate valid at the balance sheet date and any differences resulting from such translation are recognised in profit and loss.

Key exchange rates for the Jungheinrich Group

		Mean exchange rate at the balance sheet date		Annual average exchange rate	
Currency	Basis €1	**31/12/2020**	31/12/2019	**2020**	2019
AUD		1.5896	1.5995	1.6554	1.6106
BRL		6.3735	4.5157	5.8900	4.4135
CHF		1.0802	1.0854	1.0703	1.1127
CLP		868.6600	843.2600	903.1030	786.9650
CNY		8.0225	7.8205	7.8708	7.7339
COP		4,202.3400	3,688.6600	4,215.7000	3,673.0714
CZK		26.2420	25.4080	26.4554	25.6697
DKK		7.4409	7.4715	7.4544	7.4661
GBP		0.8990	0.8508	0.8892	0.8773
HUF		363.8900	330.5300	351.2040	325.2297
INR		89.6605	80.1870	84.5795	78.8501
MYR		4.9340	4.5953	4.7934	4.6372
NOK		10.4703	9.8638	10.7248	9.8497
PEN		4.4426	3.7255	3.9913	3.7367
PLN		4.5597	4.2568	4.4432	4.2975
RON		4.8683	4.7830	4.8380	4.7457
RSD		117.4100	117.8320	117.6150	117.8210
RUB		91.4671	69.9563	82.6454	72.4593
SEK		10.0343	10.4468	10.4881	10.5867
SGD		1.6218	1.5111	1.5736	1.5272
THB		36.7270	33.4150	35.6933	34.7648
TRY		9.1131	6.6843	8.0436	6.3573
UAH		34.6084	26.6009	30.8115	28.9292
USD		1.2271	1.1234	1.1413	1.1196
ZAR		18.0219	15.7773	18.7685	16.1731

The annual financial statements of the foreign subsidiaries included in the consolidated financial statements are translated according to the functional currency concept. In each case, this is the local currency if the subsidiaries are integrated into the currency area of the country in which they are domiciled as commercially independent entities. As regards the companies of the Jungheinrich Group, the functional currency is the local currency.

To prepare the consolidated financial statements, assets and liabilities reported in local currency are converted to euros at the mean exchange rate at the balance sheet date. Changes during the year, the items on the statement of profit or loss and the components of the other comprehensive income are translated at the annual average exchange rate for the financial year. Shareholders' equity is carried at historic exchange rates. Translation differences are recognised in shareholders' equity under "Accumulated other comprehensive income (expense)" with no effect on profit or loss until the subsidiary is removed from the scope of consolidation. The respective cumulative translation differences are reversed in profit or loss when Group companies are deconsolidated.

Revenue recognition

Revenue is recognised after deduction of bonuses, discounts or rebates when control over the goods or services has been transferred to the customer. In general, this is the case when the delivery has been made or the service has been rendered, when the selling price is fixed or determinable and when the receipt of payment is reasonably certain.

Revenue for contracts with customers, particularly in relation to the sale of material handling equipment and the performance of after-sales services, is recognised in the Jungheinrich Group primarily on the basis of individual contracts. Revenue is recognised at the amount of the contractually agreed consideration as soon as the customer has gained control over the goods or uses the services provided. Significant financing components are not included in the contracts with customers as standard market payment targets are agreed as a general rule. A provision is set up for statutory and contractual warranty obligations.

With regard to automation projects in the area of automatic systems which are under the control of the ordering party during production and for which the Group has a legal right to payment for the work already performed, including an appropriate margin, Jungheinrich recognises revenue and the cost of sales in accordance with the degree of completion.

This means that, for these projects, control is transferred and revenue is recognised over a specific period. The degree of completion is determined using the milestone method; in other words, work performed is recognised in relation to total work. If the earnings from a construction contract cannot be determined reliably, revenue is only recognised in the amount of the costs incurred that are likely recoverable.

Revenue from financial service transactions is recognised on a straight-line basis over the term of the contracts if the contract is classified as an "operating lease" in the amount of the lease payments. If the contract is deemed to be a "finance lease", revenue is recognised in the amount of the fair value of the leased item or the present value of the lease payments attributable to the lessor at the start of the contract, whichever is lower. The interest income is realised over the terms of the contracts using the effective interest method. If a leasing company or bank acts as an intermediary, the sales proceeds received, less the agreed residual values, from concluded sales contracts which contain repurchase obligations and are classified as an "operating lease" are recognised under deferred income. They are reversed with an effect on revenue on a straight-line basis over time until the repurchase date contractually agreed with the leasing company/bank. If the contracts are deemed to be "finance leases", revenue is recognised in the amount of the fair value of the leased item or the present value of the lease payments attributable to the lessor at the start of the contract, whichever is lower.

Product-related expenses

Expenses for advertising and sales promotion as well as other sales-related expenses are recognised in profit or loss when they are incurred. Freight and dispatch costs are carried under the cost of sales.

Product-related expenses also include additions to provisions for warranty obligations as well as to provisions for onerous contracts.

Research costs and development expenses that cannot be capitalised are recognised in profit or loss in the period in which they are incurred.

Government grants

Investment grants and subsidies are recognised if there is sufficient certainty that Jungheinrich can satisfy the associated conditions and that the benefits are granted. Performance-related government grants are recognised in profit or loss as "other operating income" in the period in which the corresponding claim arises. Government grants for assets do not reduce these assets' acquisition and manufacturing costs. Instead, they are generally recognised as deferred income and distributed on schedule over the subsidised assets' useful lives. The reversals are recognised in profit or loss as other operating income on a pro rata temporis basis.

Earnings per share

Earnings per share are calculated based on share of profit or loss attributable to the shareholders of Jungheinrich AG, and this in turn is based on the average number of the respective shares outstanding during a financial year. In the 2020 and 2019 financial years, no equity instruments diluted the earnings per share on the basis of the respective shares issued.

Intangible assets and property, plant and equipment

Purchased intangible assets are measured at acquisition costs and reduced by straight-line amortisation over their useful lives insofar as their useful lives are limited. The useful lives used as a basis for software licences are 3 to 8 years. Intangible assets with limited useful lives acquired as part of business combinations primarily relate to customer relationships, technologies and customer contracts. The economic useful lives determined are between 3 and 20 years for these customer relationships and technologies and between 15 and 20 years for the customer contracts. Usage rights in land acquired in China and Singapore are limited to 50 and 36 years respectively.

Development expenses are capitalised if the manufacturing of the developed products is expected to result in an economic benefit for the Jungheinrich Group and is technically feasible and if the costs can be determined reliably. Capitalised development expenses comprise all costs directly allocable to the development process, including development-related overheads. From the beginning of production, capitalised development expenses are amortised using the straight-line method over the series production's expected duration, which is normally between 4 and 7 years.

At initial recognition, goodwill from business combinations is measured at acquisition cost and classified as an intangible asset. Acquisition costs are the positive balance of the consideration transferred and the fair value of the acquired net asset. In subsequent periods, goodwill is accounted for at acquisition cost less – if necessary – accumulated impairment losses. Goodwill is tested for impairment at least once a year or whenever there is an indication of a potential reduction in value. If the carrying amount of a cash-generating unit (CGU) exceeds the recoverable amount, an impairment loss in the amount of the difference is recognised immediately in profit or loss. Impairment losses, including impairment losses recognised during the current financial year, will not be reversed in subsequent reporting periods. For the purpose of impairment testing, the recoverable amount of the CGU to which the goodwill is allocated needs to be determined. The CGUs are generally identical to the legal Group companies. The MIAS Group is the designated CGU to which goodwill from the acquisition of MIAS has been assigned. The recoverable amount is the higher of the fair value less selling costs and the value in use. The impairment test is performed on the basis of the determined value in use of a CGU using the discounted cash flow method. As a rule, this uses the cash flows budgeted for in the bottom-up five-year budget, the plausibility of which is verified by Jungheinrich AG management. Forecasts for long-term revenue and returns form the basis for cash flows beyond the budget period. A pre-tax interest rate in line with the conditions prevailing on the market is used as the discount rate. The total cost of capital is based on the risk-free interest rate and risk premiums for equity and debt specific to the Group units and countries. If the value in use is lower than the carrying amount, the recoverable amount is also calculated on the basis of fair value less selling costs.

Property, plant and equipment are measured at historical acquisition and manufacturing costs, less accumulated depreciation. The manufacturing costs for self-produced equipment contain not only the direct material and manufacturing expenses, but also attributable material and production overheads as well as production-related administrative expenses and depreciation. Maintenance and repair expenses are stated as expenses. All costs for measures that lead to an extension of the useful life or a widening of the future possibilities for use of the assets are capitalised. Depreciable objects are reduced by straight-line depreciation. If objects are sold or scrapped, property, plant and equipment and intangible assets are derecognised; any resulting profits or losses are recognised in profit or loss.

Useful lives of property, plant and equipment

Buildings	10–50 years
Land improvement, improvements in buildings	10–50 years
Plant facilities	8–15 years
Technical equipment and machinery	5–10 years
Factory and office equipment	3–10 years

Intangible assets and property, plant and equipment with undeterminable or unlimited useful lives are not reduced using depreciation or amortisation.

Jungheinrich enters into contracts as a lessee for the use of property, plant and equipment, primarily properties and trucks. The right-of-use assets reported under property, plant and equipment are measured at acquisition cost less cumulated depreciation and any necessary impairment, taking into account any remeasurements of the lease liability. The acquisition cost of the right-of-use asset is the present value of contractually agreed lease payments plus contract completion costs, less all lease incentives received. If there is an obligation to restore the underlying asset of the lease to its original state, then these costs are considered part of the acquisition cost. Jungheinrich makes use of the option in property leases to consider payments for non-lease components as lease payments and thereby to recognise every lease component and all associated non-lease components as a single lease component. For all other leases, lease and non-lease components are accounted for separately. If ownership of the leased item is transferred to Jungheinrich at the end of the contract's term, as a result of exercising an option or a contractual agreement, the item is depreciated over the economically useful life. Otherwise, the right-of-use asset is reduced by straight-line depreciation over the lease term.

For leases with a maximum term of twelve months and leases of low-value assets, the rental and lease payments made by Jungheinrich are recognised straight-line by Jungheinrich as an expense over the term of the contract under functional costs. Low-value leases consist of assets whose individual acquisition costs at original value do not exceed €5 thousand.

Trucks for short-term rental

Jungheinrich rents trucks to customers on the basis of short-term agreements. These trucks for short-term rental are capitalised at historical acquisition or manufacturing costs and depreciated over their economic useful lives, which are set at six and nine years respectively according to product group. Depending on the product group, they are depreciated at 30 or 20 per cent of their cost in each of the first two years, after which they are reduced using the straight-line method until the end of their useful lives.

Impairments of intangible assets, property, plant and equipment and trucks for short-term rental

The impairment test for goodwill is explained in the section headed "Intangible assets and property, plant and equipment".

All other intangible assets, property, plant and equipment and trucks for short-term rental are tested for impairment whenever there is an indication of a potential reduction in value. Besides qualitative criteria, particularly macroeconomic indicators, quantitative criteria are also used to furnish indications for an individual cash-generating unit (CGU). Each legal company generally constitutes one CGU. As its quantitative criterion for assessing the impact of crises on recognised assets, Jungheinrich uses the ratio between the EBIT coverage ratio based on the CGU's current annual forecast and the current total carrying amounts of its fixed assets and net current assets. If the ratio falls below 3 per cent, the relevant CGU's intangible assets, property, plant and equipment, and trucks for short-term rental are tested for impairment.

In such cases, the recoverable amount of the asset is compared with its carrying amount. The recoverable amount is determined for each individual asset unless an asset generates cash flows that are not largely independent of those of other assets or other groups of assets (cash-generating units). The recoverable amount is the higher of fair value of the asset less selling costs and value in use, which is the estimated discounted future cash flow. If the carrying amount exceeds the recoverable amount of the asset, an impairment is performed.

If the reason for an impairment carried out in previous years no longer exists, a write-up to amortised acquisition and manufacturing costs is performed.

Leasing and financial services

Within the framework of their financial services business, Jungheinrich Group companies conclude contracts with customers either directly or with a leasing company or bank acting as an intermediary.

The classification of the lease contracts, and thus the way they are reported in the accounts, depends on the attribution of the economic ownership of the lease object. In the case of "finance lease" contracts, essentially all the risks and rewards incidental to ownership of the leased asset are transferred so that the economic ownership lies with the lessee. At the Jungheinrich Group companies, as the lessor, this leads to a statement of future lease instalments as receivables from financial services in the amount of their net investment value. Interest income realised in instalments over the term to maturity ensures that a stable return on outstanding net investments is achieved.

If economic ownership is attributed to Jungheinrich as the lessor, the agreement is classified as an "operating lease" and the trucks are capitalised as "trucks for lease from financial services" at historical acquisition or manufacturing cost and depreciated over their economic useful lives of six or nine years respectively and according to product group. Depending on the product group, they are depreciated at 30 or 20 per cent of their cost in each of the first two years, after which they are reduced using the straight-line method until the end of their useful lives. Lease income is recognised in profit or loss during the contracts' terms using the straight-line method. Upon termination of the customer lease contract, the trucks are transferred to inventories at their carrying amounts.

These long-term customer contracts ("finance leases" and "operating leases") are always financed by loans with maturities identical to those of the contracts. They are recorded on the liabilities side under liabilities from financing as part of the item "liabilities from financial services". In addition to truck-related loan financing, proceeds from the sale of future lease instalments from intragroup usage right agreements in the Jungheinrich Group are deferred as liabilities from financing and released over the period of the usage right using the effective interest method. In addition, Jungheinrich finances itself via Elbe River Capital S.A., Luxembourg, an affiliated company established exclusively for this purpose. This refinancing firm buys all lease instalments from intragroup usage right agreements – and in Germany, from customer contracts – that mature in the future and refinances itself through the issuance of promissory notes.

In addition, the underlying trucks in long-term customer contracts are refinanced using the sale and leaseback method. For sale and leaseback transactions completed before the initial application of IFRS 16 "Leases", there was no reassessment regarding the transfer of control to the leasing companies/banks, and the distribution of the profit from the sale from these contracts over the term of the contract is continued in accordance with the transition rules of IFRS 16. For sale and leaseback contracts completed after 1 January 2019, assessments are performed to see if control over the trucks has been transferred to the refinancing partner. As this is usually not the case, the trucks are not considered to have been sold and are derecognised. They are recognised and measured as either trucks for lease from financial services (operating lease) or receivables from financial services (finance lease) depending on how the customer contract is classified. Refinancing liabilities in the amount of the revenue from the transfer are accounted for as financial liabilities and recognised as liabilities from financial services.

In the case of customer contracts with a leasing company or bank acting as an intermediary, Jungheinrich concludes sales contracts with the leasing companies/banks for the assets provided to the customer. Jungheinrich is frequently required under these contracts to repurchase the trucks from the leasing company/bank for an agreed residual value when the customer contracts expire. As a result, these contracts satisfy the definition of a lease contract and are classified as an "operating lease" or "finance lease" in accordance with the classification criteria which are used to classify lease contracts concluded directly with customers. If economic ownership is held by the Jungheinrich Group companies, the trucks sold to leasing companies/banks continue to be recognised in Jungheinrich's statement of financial position in accordance with IFRS. When they are capitalised as "trucks for lease from financial services", sales proceeds less the agreed residual value are recorded as "deferred revenue from financial services" under deferred income. Trucks for lease are depreciated on a straight-line basis over the term of the underlying leases between the leasing companies/banks and the end customer. The sales proceeds recognised as part of deferred income are reversed with an effect on revenue on a straight-line basis over the term of the contract until payment of the agreed residual value is due. The repurchase obligations are reported in the amount of the contractually agreed residual values under the item "liabilities from financial services".

Financial instruments

In accordance with IFRS 9, financial instruments are defined as contracts that at the same time lead to financial assets in one company and financial liabilities or equity instruments in the other.

In accordance with IFRS 9, financial assets must be assigned to one of the following three measurement categories:

- at amortised cost,
- at fair value through other comprehensive income, or
- at fair value through profit or loss.

The financial assets are classified based on the Jungheinrich Group's business model for managing financial assets and on the characteristics of the contractually agreed cash flows.

Financial liabilities must be assigned to one of the following two measurement categories:

- at fair value through profit or loss, or
- other financial liabilities.

Financial instruments carried at amortised cost are primarily non-derivative financial instruments such as trade accounts receivable and payable, contract assets, other receivables and financial assets, other financial liabilities, receivables and liabilities from financial services as well as financial liabilities.

Non-derivative financial instruments are recognised at the settlement date, i.e. the time the asset is delivered to or by Jungheinrich.

Trade accounts receivable and contract assets

Trade accounts receivable and contract assets are held by the Jungheinrich Group primarily for the purpose of realising their nominal value. The contractual conditions result in cash flows at agreed times which exclusively constitute repayments and, if applicable, interest payments on the outstanding receivable amount. As a rule, the Jungheinrich Group's trade accounts receivable and contract assets have contractually agreed short-term payment targets. They are categorised as "at amortised cost" and measured at amortised cost using the effective interest method, whereby the amortised cost corresponds to the nominal value less loss allowances.

Further information on receivables from financial services can be found in the notes on the treatment of leases.

Non-consolidated investments in affiliated companies and joint ventures

Non-consolidated investments in affiliated companies and joint ventures are accounted for at fair value through profit or loss. Non-consolidated investments in affiliated companies and joint ventures are reported under "Other financial assets" in the consolidated statement of financial position.

Other investments

Investments in companies that are neither affiliated companies, associated companies nor joint ventures are recognised under other non-current financial assets. These investments are accounted for at fair value through profit or loss and reported under "Other financial assets" in the consolidated statement of financial position.

Securities

Securities which are held for the purpose of holding them to maturity and realising their contractual cash flows are categorised as "at amortised cost" and measured at amortised cost using the effective interest method. These securities are initially recognised at fair value plus transaction costs. Differences between the original amount and the amount repayable at maturity are distributed over their terms and recognised in financial income (expense). With these securities, the amortised cost corresponds to the nominal value less (plus) any discounts (premiums) and less loss allowances for expected credit losses.

Securities which are held for the purpose of selling or holding in order to realise contractual cash flows but which cannot be assigned to the category "fair value through other comprehensive income" are categorised as "at fair value through profit or loss". These securities are initially recognised at fair value plus transaction costs that are directly attributable to the purchase of the financial instrument. The fair value corresponds to the market prices quoted on active markets. Gains and losses from these securities resulting from measurement at fair value are recognised directly in profit or loss.

Jungheinrich does not have any securities categorised as "at fair value through other comprehensive income".

Other financial assets

Other financial assets are categorised as "at amortised cost" and carried at amortised cost using the effective interest method, in other words at the nominal value less loss allowances for expected credit losses.

Cash and cash equivalents

Cash and cash equivalents are available at short notice and have an original maturity of up to three months. They also include short-term deposits with an original contractual term of up to twelve months. Cash and cash equivalents are carried at amortised cost, in other words at the nominal amount less valuation allowances for expected credit losses.

Liabilities

Liabilities are measured at amortised cost using the effective interest method. The interest cost is recognised in accordance with the effective interest rate.

Lease liabilities are recognised at the beginning of the lease at present value of the outstanding lease payments using the incremental borrowing rate and finally measured using the effective interest method at amortised cost. The lease liability's carrying amount increases by accrued interest and decreases by lease payments made. Changes to the carrying amount from remeasurement of the lease liability due to reassessments or adjustments to the lease are also taken into account.

Impairment of financial instruments

For financial instruments in the category "at amortised cost", impairment losses are calculated for expected credit losses and recognised immediately in profit or loss as loss allowances.

In accordance with IFRS 9, loss allowances for expected credit losses must be recognised at the time of initial recognition of financial assets.

Jungheinrich uses the simplified method (two-level model) to calculate loss allowances recognised for trade accounts receivable and contract assets. Due to the predominantly short-term maturity of these financial assets, the expected credit loss resulting from potential defaults relates to the remaining term of the trade accounts receivable and contract assets (level 2). A transfer from level 1 to level 2, as envisaged in the general impairment model (three-level model), is thus not relevant for these financial instruments.

The Jungheinrich Group has established standardised risk categories for ranges of credit rating indices. To calculate the loss allowances in the consolidated financial statements, the upper limit of the range has been specified for each risk group as the Group probability of default for a twelve-month term to maturity. Trade accounts receivable and contract assets existing as at the balance sheet date are assigned to these risk groups in accordance with the individual customer rating. The loss allowances for expected credit losses are determined by applying the Group probability of default to the portfolio of receivables of the individual risk groups while taking account of the average payment targets agreed by the respective Group companies. In the case of portfolios of receivables for which there is loan insurance, only the contractually agreed deductible is subject to a credit risk. The individual customer ratings contain forward-looking information.

Trade accounts receivable and contract assets are transferred to level 3 as soon as there are objective indications of impairment affecting these financial instruments. These indications include a clear deterioration in the customer rating, registered insolvencies and a clear increase in the debtor's overdue payments. Individual event-based loss allowances are recognised for these doubtful trade accounts receivable and contract assets with an impaired credit rating.

Insofar as the objective indications of impairment no longer apply and the trade accounts receivable and contract assets no longer have an impaired credit rating, the impairment losses are reversed. The financial instruments are included again in the calculation of loss allowances at level 2.

If it can no longer be assumed, based on an appropriate evaluation, that trade accounts receivable or assets are recoverable in whole or in part, they are derecognised in line with local regulations.

Jungheinrich uses the three-level model to calculate potential future impairment losses for all other financial instruments in the category "at amortised cost". At the time of initial recognition, these financial assets are assigned to level 1, and loss allowances equal to the expected twelve-month credit losses are recognised. The probabilities of default for a twelve-month period are based on CDS prices containing forward-looking information and the expected loss given default ratio. Parameters for loss given default ratios (LGD) reflect an assumed recoverability rate of 40 to 45 per cent. In this case, the estimated loss is calculated based on the current market price of the financial instruments and the remaining term to maturity. If the credit risk rate increases significantly in subsequent periods, these financial instruments would have to be transferred to level 2, and loss allowances equal to the expected credit loss for the remaining term to maturity would have to be recognised. If contractual payments were to become more than 30 days overdue, this would not by itself signal a significant increase in the credit risk but would indicate that a significant increase in the credit risk could have occurred. Jungheinrich's risk management system treats a downgrading of the counterparty's external rating below investment grade as a criterion for a significant increase in the credit risk. However, in line with Jungheinrich's risk management strategy, all other financial instruments are immediately liquidated if there is a significant increase in the creditworthiness risk.

IFRS 9 requires that loss allowances be recognised for expected credit losses. These loss allowances are calculated based on estimated probabilities of default. The credit losses that actually occur in the future may deviate from the amounts recognised in the consolidated financial statements.

Subsequent changes to IAS 1 "Presentation of Financial Statements" resulting from the introduction of IFRS 9 have not been implemented by Jungheinrich. For reasons of materiality, impairment losses are not reported separately in the statement of comprehensive income, but rather in the notes to the financial statements.

Derivative financial instruments

At Jungheinrich, derivative financial instruments are mainly used for hedging purposes.

Jungheinrich has opted to continue to apply the provisions of IAS 39 when accounting for hedges, as permitted by IFRS 9.

Derivative financial instruments are recognised at the trade date, i.e. the time the obligation to buy or sell the asset was entered into.

IAS 39 requires all derivative financial instruments to be accounted for at fair value as assets or liabilities. Depending on whether the derivative is a fair value hedge or a cash flow hedge, gains and losses arising from changes in the fair value of the derivative are recognised in profit or loss or are otherwise recognised in shareholders' equity (accumulated other comprehensive income (expense)) with no effect on profit or loss. In the case of a fair value hedge, the results from changes in the fair value of derivative financial instruments are recognised in profit or loss. The changes in the fair value of derivatives that are to be classified as cash flow hedges are initially recognised with no effect on profit or loss under shareholders' equity in the amount of the hedge-effective part. These amounts are transferred to the statement of profit or loss at the same time as the effect on the result of the underlying transaction. The hedge-ineffective part is recognised directly in financial income (expense).

Derivative financial instruments that are not designated as hedging instruments are categorised as "at fair value through profit or loss". Gains and losses from these derivative financial instruments resulting from measurement at fair value are recognised directly in profit or loss.

Financial instruments measured at fair value are classified and assigned to measurement categories according to the significance of the factors considered in their measurement. Financial instruments are assigned to levels depending on the significance their input factors have on their overall measurement. Assignments are based on the lowest level of substantial or main relevance for the measurement. The fair value hierarchy is based on the input factors used:

Level 1 – (unchanged) market prices quoted on active markets for identical assets or liabilities

Level 2 – input data other than listed market prices, which can be observed either directly (as a price) or indirectly (derived from prices) for the asset or liability

Level 3 – referenced input factors used for the measurement of the asset or liability that are not based on observable market data

Jungheinrich records reclassifications between these different measurement levels at the end of the reporting period in which the change occurred.

Inventories

Inventories are measured at the lower of acquisition or manufacturing cost and net realisable value. Manufacturing costs include not only the direct material and manufacturing expenses, but also the attributable material and production overhead costs as well as production-related administrative expenses and depreciation. The average cost method is applied to calculate the acquisition and manufacturing costs of inventories of the same type.

Utilisation risks resulting from storage time are taken into account by way of value reductions on the basis of historical usage. Once the reason for the write-downs ceases to exist, a reversal of the write-down is carried out.

Deferred taxes

Deferred tax assets and liabilities are recognised in accordance with the balance-sheet-orientated method for all temporary differences between Group and tax-based valuation. This procedure is generally applicable for all assets and liabilities with the exception of goodwill from the consolidation of investments. In addition, deferred tax assets are stated on the statement of financial position to carry forward unused tax losses and unused tax credits if it is probable that they can be utilised. Deferred taxes are valued at the current rates of taxation. If it is expected that the differences will be offset in years with different rates of taxation, then the latter rates valid at that time are applied. If there are any changes in the tax rates, these changes are taken into account in the year in which the relevant changes in tax rates are approved.

A loss allowance is recognised for deferred tax assets, the recovery of which is improbable.

Accumulated other comprehensive income (expense)

Stated in this item are changes in the shareholders' equity with no effect on profit or loss insofar as these are not based on capital transactions with shareholders. These include the currency translation adjustment as well as differences resulting from the remeasurement of defined benefit pension plans. Changes in the year under review are presented in the statement of comprehensive income.

Provisions

Provisions for pensions and similar obligations are valued on the basis of actuarial calculations in accordance with IAS 19 by applying the projected unit credit method for defined benefit obligations from pensions. This method takes into account pensions and vested future benefits known as at the balance sheet date, expected increases in salaries and pensions as well as demographic calculation principles. Remeasurements relating to actuarial gains and losses and the return on plan assets at Jungheinrich (excluding amounts included in the net interest on the net defined benefit liability) are recognised in other comprehensive income as soon as they occur and are thus disclosed directly on the statement of financial position. Remeasurements recognised in other comprehensive income are a component of accumulated other comprehensive income and are not transferred to the statement of profit or loss in subsequent periods. The cost component "service cost" is recognised in profit or loss in the personnel costs of the corresponding functional areas. Net interest on the net liability from defined benefit pension plans is recognised in profit or loss in financial income (expense). Pension obligations and similar obligations of some foreign companies are financed by pension funds. These pension funds are qualifying plan assets pursuant to IAS 19.

The defined benefit obligation stated on the consolidated statement of financial position represents the current funding gap of the Jungheinrich Group's defined benefit pension plans.

Termination benefits are recognised if the employee's employment contract is terminated before reaching the normal pension age or if an employee volunteers to terminate the employment contract in exchange for severance benefits. The Group recognises such benefits only if Jungheinrich is obliged to terminate the employment contract and provide the benefits due to a detailed formal plan, which cannot be revised, or if there is an individual agreement. Termination benefits are accounted for in accordance with IAS 19.

Furthermore, provisions have been accrued to cover employee benefits due pursuant to local statutory regulations in the event of their departure as well as other employee benefits due over the short or long term. These obligations are accounted for in accordance with IAS 19.

Other provisions are accrued in accordance with IAS 37 if a past event results in a present obligation to third parties. It is probable that resources will be used to meet this obligation and the anticipated amount of the required provision can be reliably estimated. Other provisions are accounted for based on the best possible estimate of costs required to meet the present obligation as at the balance sheet date. If the amount of the necessary provision can only be determined within a certain bandwidth, the most probable value is stated. If all amounts are of equal probability, the mean value is stated.

Provisions for restructuring measures are accrued pursuant to IAS 37 if a detailed, formal plan has been established and all involved parties have been informed of said plan. The measures are implemented without undue delay.

Non-current provisions are discounted and stated at the present value of the expected expense. Provisions are not offset against claims under rights of recourse.

Classification of accounts

Current and non-current assets as well as current and non-current liabilities are stated on the statement of financial position as separate classification groups. Assets and liabilities are classified as being current if their realisation or repayment is expected within twelve months from the balance sheet date. Accordingly, assets and liabilities are classified as being non-current if they have a remaining term to maturity of more than one year. Pension provisions are stated in line with their nature under non-current liabilities as benefits due to employees in the long term. Deferred tax assets and liabilities are classified as non-current assets and non-current liabilities.

Individual items in the statement of profit or loss as well as on the statement of financial position are summarised. They are shown separately in the notes.

Estimates

In the consolidated financial statements, it is necessary to a certain degree to make estimates and assumptions that have an impact on the level and recognition of assets and liabilities stated on the statement of financial position as at the balance sheet date and of income and expenses during the reporting period. Estimates and assumptions must be made primarily to determine the economic useful lives of property, plant and equipment, trucks for short-term rental and trucks for lease uniformly throughout the Group, to conduct impairment tests on assets and to account for and measure provisions, including those for pensions, risks associated with contractually agreed residual values, warranty obligations and legal disputes. Estimates and assumptions are made on the basis of the latest knowledge available, historical experience as well as on additional factors such as future expectations.

The amounts which actually materialise may deviate from the estimates. When the actual course of events deviates from the expectations, the premises, and if necessary, the carrying amounts of the affected assets and liabilities, are adjusted accordingly.

To identify any impairment of goodwill, it is necessary to calculate the recoverable value of the cash-generating unit (CGU) to which the goodwill has been allocated. Calculating the recoverable amount involves estimating future cash flows from the CGU, a long-term growth rate and an appropriate discount rate for the calculation of the net present value. Any change in these and other influential factors may lead to impairment losses. Goodwill is tested for impairment once a year or whenever there is an indication of a reduction in value.

Due to the Covid-19 pandemic, the budgets for the 2020 financial year were examined drawing on the knowledge available as of 31 March 2020.

Impairment tests were performed in the second quarter of 2020 based on the information available as of 31 March 2020 as a result of this event for cash-generating units where revenue declined significantly in the 2020 financial year against the 2020 budget adopted in the 2019 financial year. Correspondingly, the assumptions and estimates made for the cash flows for 2020–2024 based on the impairment testing performed in the fourth quarter of 2019 were updated. This resulted in the need for a value adjustment of the sales companies in Peru and Ecuador in the total amount of €4.7 million.

The annual review of goodwill in the fourth quarter of 2020 resulted in the need for a value adjustment of the sales companies in Colombia, Romania and Serbia in the total amount of €5.4 million.

All other intangible assets, property, plant and equipment and trucks for short-term rental are tested for impairment whenever there is an indication of a potential reduction in value. Besides qualitative criteria, particularly macroeconomic indicators, quantitative criteria are also used to furnish indications for an individual cash-generating unit (CGU). As its quantitative criterion for assessing the impact of the Covid-19 pandemic on recognised assets, Jungheinrich used the ratio between the EBIT coverage ratio based on the CGU's current annual forecast and the current total carrying amounts of its fixed assets and net current assets. If the ratio fell below 3 per cent, the relevant CGU's intangible assets and property, plant and equipment were tested for impairment as of 31 December 2020. This resulted in the need for an impairment of the Jungheinrich companies in Australia, Chile, Ecuador, Malaysia, Peru and Romania in the total amount of €16.4 million.

Further information can be found in note (12) page 100.

The underlying assumptions and estimates were still affected by the uncertainties surrounding the impact of the Covid-19 pandemic when the consolidated financial statements were prepared. All significant risks known at the time the consolidated financial statements were prepared and affecting the assets and liabilities stated on the statement of financial position as of 31 December 2020 were taken into consideration.

Estimates of future costs for legal disputes and warranty obligations are subject to a number of uncertainties.

It is often impossible to predict the outcome of individual lawsuits with certainty. It cannot be ruled out that, due to the final ruling on some of the outstanding lawsuits, Jungheinrich may be faced with costs that exceed the provisions accrued for this purpose and whose timing and extent cannot be predicted with certainty.

Warranty obligations are subject to uncertainties surrounding the enactment of new laws and regulations, the number of affected trucks and the nature of measures to be initiated. It cannot be ruled out that the expenses actually incurred for these measures may exceed the provisions accrued for them to an unpredictable extent. Further information can be found in note (26) page 119.

Although the expenses resulting from a necessary adjustment in provisions in the reporting period can have a significant impact on Jungheinrich's results, it is expected that – including provisions already accrued for this purpose – potentially ensuing obligations will not have a material effect on the Group's economic situation.

Published IFRS adopted by the EU and applied for the first time in the 2020 financial year

In October 2018, the IASB published changes to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" relating to the definition of "material". The objective of the change is to standardise the definition of what is considered material in all IFRS and the conceptual framework. It was also clarified that material information may not be obfuscated by the disclosure of immaterial information. In future, only information shall be disclosed that can reasonably be expected to be relevant for decision making for the primary readers of the financial statements. The changes published by the IASB were adopted by the EU in December 2019 and become effective for the first time for financial years beginning on or after 1 January 2020. Jungheinrich has reviewed the previously published disclosures with regard to their materiality for the primary readers of the financial statements. There has been no material impact on the consolidated financial statements.

In September 2019, the IASB published changes to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement" and IFRS 7 "Financial Instruments: Disclosures" in the first stage of the project "Interest Rate Benchmark Reform". These changes are intended to mitigate the effects on financial reporting resulting from the interest rate reform (IBOR reform). The changes published by the IASB were adopted by the EU in January 2020 and become effective for the first time for financial years beginning on or after 1 January 2020. Application of the changes did not have a material impact on Jungheinrich's consolidated financial statements. It has remained possible to report hedging relationships affected by the IBOR reform on the statement of financial position.

In May 2020, the IASB published an amendment to IFRS 16 "Leases" that grants relief to lessees with regard to accounting for rent concessions associated with the Covid-19 pandemic. IFRS 16 contains provisions that stipulate how lessees are to account for changes to lease payments, including rent concessions. As a basic principle, the lessee is required to assess whether each individual lease has changed as a result of the rent concessions and whether the corresponding lease liability needs to be remeasured. The amendment published by the IASB means that, rather than having to assess whether a rent concession that is directly connected with the Covid-19 pandemic and that relates to lease payments (such as rent holidays or rent relief) represents a change to the lease, lessees are permitted to present the concession as if it did not constitute a change to the lease. This relief provision can be applied to rent concessions that reduce lease payments due on or before 30 June 2021 and will become mandatory for reporting periods beginning on or after 1 June 2020. Jungheinrich applied the relief provision early, which did not have a material effect on its consolidated financial statements.

None of the other IFRS which became mandatory in the EU for the first time as of 1 January 2020 had a material effect on Jungheinrich's consolidated financial statements.

Published IFRS adopted by the EU and not yet applied

In August 2020, the IASB completed the second stage of the project "Interest Rate Benchmark Reform" with the publication of the changes to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement", IFRS 7 "Financial Instruments: Disclosures", IFRS 4 "Insurance Contracts" and IFRS 16 "Leases". The changes are intended to mitigate the effects on financial reporting resulting from the interest rate reform (IBOR reform). As things stand, Jungheinrich is expecting application of the changes to mean that the adjustments to contractual terms due to the reform will not have a material effect on how the Group accounts for financial instruments and hedging relationships. The changes published by IASB were adopted by the EU in January 2021 and become effective for the first time for financial years beginning on or after 1 January 2021.

Jungheinrich currently expects that all other standards adopted by the EU and not yet applied will also not have a material impact on the consolidated financial statements.

Published IFRS that are yet to be adopted by the EU and have not yet been applied

The other standards published but not adopted by the EU and not yet applied by Jungheinrich are not expected to have a material impact on the Jungheinrich Group's assets, liabilities, financial position and profit or loss. Jungheinrich does not currently plan to apply these standards, when these have been endorsed by the EU, until they become mandatory in later financial years.

Scope of consolidation

In addition to the parent company, Jungheinrich AG, Hamburg, the consolidated financial statements include 78 (previous year: 79) foreign and 27 (previous year: 27) domestic companies. The scope of consolidation includes 93 (previous year: 92) fully consolidated subsidiaries, including one structured entity, which are directly or indirectly controlled by Jungheinrich AG. Eleven (previous year: 13) joint ventures and one (previous year: one) associated company were accounted for using the equity method.

Universal-FORMICA-Fonds, Frankfurt/Main, in which Jungheinrich AG holds 100 per cent of the shares, is included in the scope of consolidation as a structured entity. On the basis of contractual agreements, Jungheinrich is able to steer the activities of the special fund and thus influence the amount of return. The purpose of investments in funds is to take advantage of opportunities to earn returns on the capital market while limiting risk. The special fund is managed to maintain value in order to limit risks.

All of the shareholdings of Jungheinrich AG, Hamburg, are disclosed in note (43) page 144.

Changes in the scope of consolidation

Development in the scope of consolidation

	Jungheinrich AG	Subsidiaries		Joint ventures		Associated companies		
	Germany	Germany	Abroad	Germany	Abroad	Germany	Abroad	**Total**
Balance on 01/01/2020	1	23	69	3	10	1	–	107
Additions	–	–	2	–	–	–	–	2
Disposals	–	–	1	–	2	–	–	3
Balance on 31/12/2020	1	23	70	3	8	1	–	106
Balance on 01/01/2019	1	18	69	2	10	–	–	100
Additions	–	5	–	1	–	1	–	7
Balance on 31/12/2019	1	23	69	3	10	1	–	107

Subsidiaries

There were no material changes in the reporting year.

Jungheinrich founded MIAS Australia Pty Ltd., Narrabeen/Sydney (Australia), in the reporting year to provide direct, local support to large MIAS customers.

Jungheinrich Reconditionare Romania S.R.L., Tătărani (Romania), was set up in December 2020. The company is to focus on repairing and reconditioning of used forklifts.

The plan is for both companies to begin operations in the first half of 2021.

The first-time consolidation of the two newly established companies did not result in any differences.

MIAS Italia S.r.l., Bolzano (Italy), was wound up and liquidated in the fourth quarter. Its deconsolidation did not have any impact on earnings.

Joint ventures

In January 2020, the Board of Management decided and agreed with its partner to discontinue the joint venture Industrial Components of Texas LLC., Houston/Texas (USA). The necessary expenses for the impairment of expected credit losses from the joint venture receivables and the provisions for the expected claims from contingent liabilities due to the economic situation of the joint venture as at the balance sheet date were taken into consideration in the consolidated financial statements as of 31 December 2019.

Jungheinrich increased ICOTEX's capital stock pro rata in 2020 to offset the accumulated losses that had not been recognised in profit or loss up to that point. The joint venture used the capital injection to repay its liabilities and replace a long-term rental agreement, amongst other things. This enabled Jungheinrich to release the provisions that it had accrued for the expected claims from contingent liabilities and the impairment losses recognised for expected credit losses during the reporting year. At the same time, impairment losses in the amount of the pro rata capital increase were recognised as expenses. The net result from winding up ICOTEX was recognised in other operating expenses. In 2020, there were total expenses of €1,628 thousand. The joint venture Industrial Components of Texas LLC., Houston/Texas (USA), was liquidated with effect from 31 December 2020.

In January 2020, Jungheinrich acquired the remaining 50 per cent of shares in Irapol sp. z o.o., Łódź (Poland). The company is now classified as an affiliated company and is no longer measured using the equity method. The minimal business activity of Irapol sp. z o.o. is of subordinated importance to the Group and to the presentation of the actual assets, liabilities, financial position and profit or loss. The shares in the company have been recognised at fair value and reported under "Other financial assets" since 2020.

NOTES TO THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(3) Revenue

Jungheinrich generates revenue from contracts with customers by providing goods and services both at a point in time and over time. The Group also generates revenue from short-term rental and lease agreements whereby Jungheinrich is the lessor.

Composition of revenue

	2020			2019		
in € thousand	Intralogistics	Financial services	**Jungheinrich Group**	Intralogistics	Financial services	Jungheinrich Group
New truck business	1,263,044	–	1,263,044	1,444,121	–	1,444,121
Used equipment	274,749	–	274,749	274,573	–	274,573
After-sales services	423,180	–	423,180	426,550	–	426,550
Revenue recognition at a point in time	1,960,973	–	1,960,973	2,145,244	–	2,145,244
After-sales services	503,839	163,970	667,809	492,956	158,113	651,069
Other	79,223	–	79,223	100,868	–	100,868
Revenue recognition over time	583,062	163,970	747,032	593,824	158,113	751,937
Revenue from contracts with customers	2,544,035	163,970	2,708,005	2,739,068	158,113	2,897,181
Revenue from short-term rental and lease agreements	317,818	782,851	1,100,669	338,005	837,808	1,175,813
Total revenue	2,861,853	946,821	3,808,674	3,077,073	995,921	4,072,994

Revenue from contracts with customers is broken down by region and reportable segment in the following table.

Revenue from contracts with customers by region and segment

	2020			2019		
in € thousand	Intralogistics	Financial services	**Jungheinrich Group**	Intralogistics	Financial services	Jungheinrich Group
Germany	674,141	44,022	718,163	717,195	43,305	760,500
Italy	181,323	44,216	225,539	192,570	42,927	235,497
France	165,728	22,449	188,177	197,680	21,042	218,722
United Kingdom	106,837	22,794	129,631	121,179	21,935	143,114
Other Europe	1,050,404	27,074	1,077,478	1,087,740	25,670	1,113,410
Other countries	365,602	3,415	369,017	422,704	3,234	425,938
Revenue from contracts with customers	2,544,035	163,970	2,708,005	2,739,068	158,113	2,897,181

Other revenue generated by the "Intralogistics" segment includes revenue for long-term construction contracts with reference to the stage of completion of the contract activity.

Revenue generated by the "Financial Services" segment includes €167,632 thousand (previous year: €160,657 thousand) in lease income from "operating lease" customer contracts and €73,237 thousand (previous year: €67,536 thousand) in interest income from "finance lease" customer contracts.

Of the revenue from contracts with customers realised in the reporting period, revenue in the amount of €77,083 thousand (previous year: €88,281 thousand) was included in contract liabilities as of 1 January 2020.

The contract liabilities as of 1 January 2020 also included €11,958 thousand (previous year: €12,127 thousand) for performance obligations that Jungheinrich had already fulfilled in the previous year and revenue deductions that had been contractually agreed with customers but not yet refunded. In relation to this, contract debts of €8,184 thousand (previous year: €9,154 thousand) were paid in the reporting year, and an amount of €730 thousand (previous year: €1,906 thousand) was able to be reversed with an effect on revenue.

In the area of after-sales services, Jungheinrich concludes with customers both long-term service contracts with fixed contractual terms and short-term service contracts with the option to extend at standard market prices. With regard to long-term service contracts, there was a total of €955,074 thousand in performance obligations not yet fulfilled as of 31 December 2020 (previous year: €966,447 thousand). Jungheinrich will recognise revenue of the same amount over the remaining contractual terms when the agreed services are provided.

Future revenue from performance obligations existing as at the balance sheet date

	31/12/2020			31/12/2019		
in € thousand	After-sales services	Other	**Total**	After-sales services	Other	Total
Revenue recognition within one year	278,664	55,370	334,034	274,016	85,127	359,143
Revenue recognition between one and five years	579,931	24,397	604,328	574,958	10,328	585,286
Revenue recognition in more than five years	96,479	–	96,479	117,473	–	117,473
	955,074	79,767	1,034,841	966,447	95,455	1,061,902

The other revenue recognition disclosed in the table relates to performance obligations for long-term construction contracts, the revenue of which is recognised over time, and for which the obligations existed as at the balance sheet date and had not yet been fulfilled.

All of the Jungheinrich Group's other unfulfilled performance obligations existing as at the balance sheet date related to periods of no more than one year. As is permitted under IFRS 15, the transaction price assigned to these unfulfilled performance obligations is not disclosed.

(4) Cost of sales

The cost of sales includes the cost of materials consisting of expenses for raw materials and supplies as well as for purchased goods and services totalling €1,847,550 thousand (previous year: €2,122,499 thousand).

The cost of materials includes €2,007 thousand in currency losses (previous year: €1,667 thousand) primarily resulting from purchases by non-German sales companies in the Group currency and the associated currency hedges.

The cost of sales includes impairment losses for trade accounts receivable and contract assets totalling €9,036 thousand (previous year: €2,537 thousand).

The cost of sales also includes €33,802 thousand (previous year: €31,679 thousand) in interest expenses associated with the matching-term refinancing of long-term customer contracts in the “Financial Services” segment.

(5) Personnel expenses

The following personnel expenses are included in the functional costs of the consolidated statement of profit or loss.

Personnel expenses in the consolidated statement of profit or loss

in € thousand	**2020**	2019
Salaries	941,962	943,969
Social security contributions	186,948	189,829
Cost of pensions and other benefits	21,293	19,183
Total	1,150,203	1,152,981

Average number of employees during the year

in FTEs[1]	**2020**	2019
Hourly-paid employees	8,355	8,363
Salaried employees	9,269	9,400
Trainees and apprentices	462	453
	18,086	18,216

1 FTE = full-time equivalents.

In addition to personnel expenses, functional costs also included the cost of temporary workers amounting to €17,032 thousand (previous year: €33,785 thousand).

(6) Depreciation, amortisation, impairment losses and write-ups

The depreciation, amortisation, impairment losses and write-ups of non-current non-financial assets are shown in the development of intangible assets, property, plant and equipment, trucks for short-term rental and trucks for lease. Impairment losses on goodwill are recognised under other operating expenses, while other depreciation, amortisation, impairment losses and write-ups are included in functional costs.

(7) Other operating income

Other operating income from the reporting year includes €6,327 thousand (previous year: €469 thousand) in government grants. As well as reversals of deferred investment grants and investment subsidies in the amount of €217 thousand (previous year: €217 thousand), performance-related government grants in the amount of €6,110 thousand were recognised in profit or loss in 2020 (previous year: €252 thousand). Grants related to income in the reporting year were the result of government support in conjunction with the Covid-19 pandemic.

Other operating income in the reporting year also includes €726 thousand (previous year: €851 thousand) in income from the disposal of property, plant and equipment and intangible assets.

(8) Other operating expenses

Other operating expenses in the reporting year include expenses from impairment losses on goodwill of €10,114 thousand (previous year: €1,819 thousand). Further information can be found in note (12) page 100.

Other operating expenses in 2020 also include €1,769 thousand (previous year: €1,018 thousand) in losses from the disposal of property, plant and equipment and intangible assets.

Of the other operating expenses in the reporting year, €1,628 thousand related to expenses from winding up and liquidating the joint venture Industrial Components of Texas LLC., Houston/Texas (USA). Impairment losses for expected credit losses in the amount of €1,353 thousand and expenses from the formation of provisions for expected claims from contingent liabilities in the amount of €4,860 thousand were recognised in other operating expenses in the previous year on account of the economic situation of this joint venture as of 31 December 2019.

(9) Net interest

Composition of net interest

in € thousand	**2020**	2019
Interest and similar income on securities	186	118
Other interest and similar income	1,265	832
Interest income	**1,451**	**950**
Interest expenses from leases	4,079	4,209
Other interest and similar expenses	9,455	10,520
Interest expenses	**13,534**	**14,729**
Net interest	**–12,083**	**–13,779**

Interest expenses in connection with the refinancing of long-term customer contracts with identical maturities in the "Financial Services" segment and the financing of trucks for short-term rental are reported under cost of sales.

(10) Other financial income (expense)

Composition of other financial income (expense)

in € thousand	**2020**	2019
Income (expense) from special fund	240	6,052
Income (expense) from derivatives	–3,284	–8,340
Net interest on defined benefit pension plans	–2,214	–3,707
Sundry financial income (expense)	–1,257	–956
Other financial income (expense)	**–6,515**	**–6,951**

Details of the income (expense) from the special fund are presented in the following table:

Breakdown of income (expense) from the special fund

in € thousand	**2020**	2019
Currency gains	9,198	9,389
Currency losses	8,226	3,294
Interest and similar income	190	425
Interest expenses	34	27
Currency income (expense)	–392	67
Other comprehensive income (expense)	–496	–508
Income (expense) from special fund	**240**	**6,052**

The result from the assets managed in the special fund includes the unrealised gains and losses resulting from measurement at fair value.

Income from derivatives includes all income from derivative financial instruments that do not relate to supplies and services, are not held in the special fund and were not designated as hedges as at the balance sheet date. These primarily include derivative financial instruments used to hedge foreign exchange rates when concluding intragroup financial transactions. Income from derivatives also includes changes in currency exchange rates pertaining to financing.

Other financial income (expense) includes €–249 thousand (previous year: €400 thousand) in changes in loss allowance recognised in profit or loss for expected credit losses on securities, cash and cash equivalents and other financial assets in the reporting year and €–250 thousand (previous year: €–548 thousand) in expenses from accrued interest on non-current provisions for personnel.

(11) Income tax (expense)

Composition of tax expense

in € thousand	**2020**	2019
Current taxes		
Germany	25,998	32,360
Abroad	33,537	31,609
Deferred taxes		
Germany	–11,691	–7,471
Abroad	934	8,564
Tax expense	**48,778**	**65,062**

The current tax expense in Germany was lower than in the previous year due to lower earnings. Expenses from the previous year's taxes amounted to €1.3 million (previous year: €3.1 million).

The current foreign tax expense increased slightly compared to the previous year as expenses from the previous year's taxes rose year on year to €1.5 million (previous year: €0.1 million).

€11.7 million (previous year: €7.5 million) of deferred tax income pertaining to Germany is primarily due to an increase in deferred tax assets from property, plant and equipment, to lower deferred tax liabilities relating to capitalised development expenditure, and to a change in tax loss carryforwards in the amount of €0.4 million. Deferred tax expense pertaining to abroad of €0.9 million (previous year: €8.6 million) resulted from the reduction of deferred tax receivables on loss carryforwards in the reporting year. The Jungheinrich Group's deferred tax income in 2020 totalling €10.8 million (previous year: tax expense of €1.1 million) was attributable to tax expense of €0.5 million (previous year: €0.8 million) from the use of loss carryforwards and tax income of €11.3 million (previous year: tax expense of €0.3 million) arising from changes in temporary differences.

The domestic corporate income tax rate for the 2020 financial year was 30.5 per cent (previous year: 30.0 per cent). It continues to comprise the corporate income tax burden of 15.0 per cent along with the solidarity surcharge of 5.5 per cent of the corporate income tax burden and a trade tax rate of 14.6 per cent (previous year: 14.2 per cent).

The applied local income tax rates for foreign companies varied between 9.0 per cent (previous year: 9.0 per cent) and 34.0 per cent (previous year: 34.0 per cent).

As of 31 December 2020, the Group had approximately €89 million in corporate tax loss carryforwards (previous year: €74 million). Of this amount, €46 million (previous year: €40 million) related to the loss carryforward in the USA. Deferred tax assets were not recognised in connection with the loss carryforward in view of the future utilisation options. The loss carryforwards accrued in or before 2014 can be carried forward within a specific time limit, while those accrued in subsequent years have no such limit on when they can be used.

As of 31 December 2020, the Group had €42.4 million in utilisable corporate tax loss carryforwards (previous year: €21.8 million). They could be carried forward indefinitely. Impairment losses of €6.2 million (previous year: €0.2 million) were recognised for deferred tax assets in connection with these loss carryforwards. €5.2 million of this amount (previous year: €–million) related to the loss carryforwards in Australia. As of 31 December 2020, trade tax loss carryforwards also amounted to €8.9 million (previous year: €3.3 million). Impairment losses of €0.4 million (previous year: €– million) were recognised for deferred tax assets in connection with these loss carryforwards.

Income tax receivables and liabilities are recognised in the amount of an expected reimbursement from or payment to tax authorities based on the estimated tax rates valid as at the balance sheet date.

Several years have not yet been conclusively assessed with regard to the Group's taxation. Jungheinrich believes that it has provided for these open assessment years to a sufficient extent.

When stating deferred tax assets on the statement of financial position, the extent to which future effective tax relief might result from existing tax loss carryforwards and the differences in accounting and valuation must be assessed. In this context, all positive and negative influential factors have been taken into account. The current assessment of this point may alter depending on changes to the earnings position in future years and may therefore result in a higher or lower impairment loss.

Composition of deferred tax assets and liabilities

	Deferred tax assets		Deferred tax liabilities	
in € thousand	**31/12/2020**	31/12/2019	**31/12/2020**	31/12/2019
Property, plant and equipment and intangible assets	291,310	259,443	93,036	88,328
Inventories	22,754	19,843	14,556	11,009
Receivables and other assets	35,235	124,338	507,647	514,635
Tax loss carryforwards	5,129	5,661	–	–
Provisions for pensions	37,718	36,403	2,247	2,950
Other provisions	14,241	23,735	5,242	3,813
Liabilities	424,062	416,050	100,204	171,545
Deferred income	4,908	6,350	–	–
Other	27,939	24,759	40,951	40,804
Deferred taxes prior to offsetting	**863,296**	**916,582**	**763,883**	**833,084**
Offsetting	–741,407	–804,173	–741,407	–804,173
Balance sheet recognition	**121,889**	**112,409**	**22,476**	**28,911**

€36,278 thousand (previous year: €32,920 thousand) of the net amount of the deferred taxes of €99,413 thousand (previous year: €83,498 thousand) was recognised directly in shareholders' equity. The latter primarily related to comprehensive income with no effect on profit or loss from the remeasurement of defined benefit pension plans.

No deferred tax liabilities were recognised for temporary differences amounting to €22.2 million (previous year: €15.6 million) between net assets and the tax carrying amount of subsidiaries as Jungheinrich is able to manage the timing of the reversal of temporary differences and no turnaround is expected with regard to the temporary differences in the near future.

The following table shows the reconciliation of the expected amount with the disclosed tax expense. The expected tax expense reported is the resulting amount from applying the total tax rate of 30.5 per cent (previous year: 30.0 per cent) applicable to the parent company to consolidated earnings before income taxes. Income taxes calculated based on measurements of income other than EBT were recognised in the item "Foreign tax differentials" in the reporting year. These were still being reported under "Miscellaneous" in the consolidated financial statements as of 31 December 2019. The previous year's figures have been restated accordingly for the purposes of comparison. The "Change in taxes from the previous year" was caused by deviations in assessments and company audits. The permanent differences were again dominated by tax-free income from depreciation rules designed to boost the economy.

Reconciliation of the expected to the disclosed tax expense

in € thousand	**2020**	2019[1]
Expected tax expense	60,842	72,552
Change in the tax rate	–784	–17
Foreign tax differentials	–9,356	–9,038
Change in valuation allowances	6,116	4,576
Change in taxes from the previous year	–766	995
Non-deductible operating expenses and tax-free gains	–6,633	–3,588
Miscellaneous	–641	–418
Actual tax expense	**48,778**	**65,062**

1 Incl. adjustment of the change in disclosure of income tax expense calculated on earnings figures other than EBT.

In 2020, the Group's tax quota was 24.4 per cent (previous year: 26.9 per cent).

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(12) Intangible assets

Development of intangible assets during the reporting year

in € thousand	Acquired intangible assets	Internally generated intangible assets	Goodwill	Total
Acquisition and manufacturing costs Balance on 01/01/2020	142,146	168,190	48,684	359,020
Changes in currency exchange rates	−2,587	−162	−1,027	−3,776
Additions	5,930	14,984	–	20,914
Disposals	3,621	41,335	–	44,956
Transfers	1,875	93	–	1,968
Balance on 31/12/2020	**143,743**	**141,770**	**47,657**	**333,170**
Amortisation and impairment losses Balance on 01/01/2020	78,308	98,313	9,215	185,836
Changes in currency exchange rates	−811	−41	−457	−1,309
Amortisation in the financial year	11,720	11,276	–	22,996
Impairment losses in the financial year	17,036	21,541	10,114	48,691
Accumulated amortisation and impairment losses on disposals	3,030	40,232	–	43,262
Balance on 31/12/2020	**103,223**	**90,857**	**18,872**	**212,952**
Carrying amount on 31/12/2020	**40,520**	**50,913**	**28,785**	**120,218**

Development of intangible assets during the previous year

in € thousand	Acquired intangible assets	Internally generated intangible assets	Goodwill	Total
Acquisition and manufacturing costs Balance on 01/01/2019	132,909	140,969	47,711	321,589
Changes in currency exchange rates	572	21	111	704
Additions due to business combinations	5,118	53	862	6,033
Additions	4,015	29,352	–	33,367
Disposals	573	2,205	–	2,778
Transfers	105	–	–	105
Balance on 31/12/2019	**142,146**	**168,190**	**48,684**	**359,020**
Amortisation and impairment losses Balance on 01/01/2019	66,229	66,989	7,388	140,606
Changes in currency exchange rates	108	−2	8	114
Additions due to business combinations	19	20	–	39
Amortisation in the financial year	12,520	11,622	–	24,142
Impairment losses in the financial year	–	21,744	1,819	23,563
Accumulated amortisation and impairment losses on disposals	568	2,060	–	2,628
Balance on 31/12/2019	**78,308**	**98,313**	**9,215**	**185,836**
Carrying amount on 31/12/2019	**63,838**	**69,877**	**39,469**	**173,184**

The additions in the item "Acquired intangible assets" were mainly related to software and software licences in the reporting year.

In 2020, the material impairment losses on acquired intangible assets resulted from the following issues. The acquired intangible assets and property, plant and equipment for cash-generating units that indicated an impairment could have occurred were tested for impairment as of 31 December 2020. This test revealed impairment losses on acquired intangible assets in the total amount of €9,878 thousand at the sales companies in Chile, Ecuador, Malaysia, Peru and Romania. These losses were attributed in full to the customer relationships and customer contracts acquired as part of business combinations. Impairment losses totalling €6,557 thousand were also identified at the Australian companies; these were likewise attributed in full to the customer relationships and customer contracts acquired. The acquired brand "NTP", which has not been used on the market since 2020, was also deemed to be impaired and was written off in full in the amount of €374 thousand. All impairment losses were recognised in selling expenses for the 2020 financial year.

Internally generated intangible assets include the Jungheinrich Group's capitalised development expenditure. €14,984 thousand in development expenditure (previous year: €29,352 thousand) met the capitalisation criteria under IFRS.

Research and development costs in the consolidated statement of profit or loss

in € thousand	**2020**	2019
Research costs and uncapitalised development expenditure	74,112	56,558
Amortisation of capitalised development expenditure	11,276	11,622
Impairment loss of capitalised development expenditure	21,541	21,744
	106,929	89,924

The impairment test performed on the carrying amounts of capitalised development expenditure is broken down by product line. Impairment losses were identified in six product series in the reporting year. These were mainly due to strategic product decisions, which resulted in impairment losses equal to the carrying amount for these development projects. Impairment losses totalling €21,541 were recognised in profit or loss in 2020. The impairment losses totalling €21,744 thousand that had been recorded in the previous year related to three product series.

The table below shows the allocation of goodwill to CGUs.

Allocation of goodwill to the cash-generating units (CGUs)

in € thousand	**31/12/2020**	31/12/2019
MIAS Group	24,109	24,109
Sales company in:		
Serbia	1,830	2,221
Austria	1,771	1,771
Poland	111	111
Peru	–	3,142
Romania	–	2,881
Colombia	–	2,458
Ecuador	–	1,812
Jungheinrich Systemlösungen GmbH, Graz (Austria)	102	102
ISI Automation GmbH & Co. KG, Extertal (Germany)	862	862
	28,785	39,469

Due to the Covid-19 pandemic, the budgets for the 2020 financial year were examined drawing on the knowledge available as of 31 March 2020.

Impairment tests were performed in the second quarter of 2020 based on the information available as of 31 March 2020 as a result of this event for cash-generating units where revenue declined significantly in the 2020 financial year against the 2020 budget adopted in the 2019 financial year. Correspondingly, the assumptions and estimates made for the cash flows for 2020–2024 based on the impairment testing performed in the fourth quarter of 2019 were updated. The recoverable amount was calculated on the basis of the determined value in use in each case.

This resulted in the need for an impairment of the sales companies in Peru and Ecuador in the amounts of €2,932 thousand and €1,784 thousand respectively. The impairment losses were allocated in full to goodwill, the values of which were fully adjusted.

Financial assumptions for the calculation of the value in use of the CGUs for which an impairment test was performed in the second quarter of 2020 and identified impairment losses were recognised in the reporting year

	Pre-tax discount rate		Sustainable growth rate	
in %	**31/03/2020**	30/09/2019	**31/03/2020**	30/09/2019
Sales company in:				
Ecuador	18.7	23.1	0.5	1.2
Peru	13.4	13.7	1.3	1.4

In the fourth quarter of 2020, Jungheinrich performed annual impairment tests on the goodwill assigned to CGUs. The main assumptions on which the calculation of the value in use of a CGU was based were free cash flows, the discount rate and the long-term growth rate.

Financial assumptions for the calculation of the value in use of the CGUs to which significant amounts of goodwill have been assigned or for which an annual impairment test was performed in the fourth quarter of 2020 and identified impairment losses were recognised in the reporting year

	Pre-tax discount rate		Sustainable growth rate	
in %	**30/09/2020**	30/09/2019	**30/09/2020**	30/09/2019
MIAS Group	11.7	9.5	1.2	1.0
Sales company in:				
Romania	15.6	15.0	1.6	1.7
Colombia	16.3	15.6	1.7	1.6
Serbia	17.0	16.0	1.1	1.3

The annual review of goodwill in the fourth quarter of 2020 identified impairment losses on goodwill allocated to the sales companies in Colombia, Romania and Serbia. The carrying amount of the respective CGU was higher than its calculated recoverable amount, resulting in impairment losses totalling €5,398 thousand being recognised in other operating expenses in 2020. The impairment losses were all allocated in full to goodwill and broke down as follows: €2,848 thousand was attributable to the sales company in Romania, €2,151 thousand to the sales company in Colombia and €398 thousand to the sales company in Serbia. The impairment losses were the result of diminished business prospects in these countries.

Increasing the discount rate applied by 0.5 per cent or reducing the growth rate by 0.5 per cent would have increased the impairment loss identified when reviewing the Serbian goodwill by some €0.2 million and €0.1 million respectively.

The impairment tests conducted on the other goodwill did not result in any impairment losses. A 0.5 per cent increase in the applied discount rates in each case or a 0.5 per cent decrease in the growth rates would not have resulted in an impairment loss for the other goodwill.

All impairment losses on goodwill were recognised under other operating expenses.

(13) Property, plant and equipment

Development of property, plant and equipment during the reporting year

in € thousand	Land and buildings including buildings on third-party land	Technical equipment and machinery	Factory and office equipment	Construction in progress	**Total**
Acquisition and manufacturing costs Balance on 01/01/2020	673,529	202,082	393,829	66,594	1,336,034
Changes in currency exchange rates	–7,041	–1,126	–5,616	–20	–13,803
Additions	55,881	11,546	51,285	16,591	135,303
Disposals	11,544	5,705	19,155	2,711	39,115
Transfers	34,605	5,517	4,539	–46,629	–1,968
Balance on 31/12/2020	**745,430**	**212,314**	**424,882**	**33,825**	**1,416,451**
Depreciation Balance on 01/01/2020	216,253	151,811	235,670	–	603,734
Changes in currency exchange rates	–1,689	–627	–3,025	–	–5,341
Depreciation in the financial year	44,922	14,607	57,614	–	117,143
Impairment losses in the financial year	378	455	2,070	–	2,903
Accumulated depreciation on disposals	2,526	5,525	17,376	–	25,427
Transfers	–	–242	242	–	–
Balance on 31/12/2020	**257,338**	**160,479**	**275,195**	**–**	**693,012**
Carrying amount on 31/12/2020	**488,092**	**51,835**	**149,687**	**33,825**	**723,439**

Developments in the right-of-use assets recognised under property, plant and equipment can be seen in the following table.

Development in right-of-use assets of property, plant and equipment

in € thousand	2020 Land and buildings including buildings on third-party land	2020 Factory and office equipment	2020 Total	2019 Land and buildings including buildings on third-party land	2019 Factory and office equipment	2019 Total
Acquisition and manufacturing costs Balance on 01/01	150,099	73,112	223,211	126,808	45,352	172,160
Changes in currency exchange rates	–4,903	–2,005	–6,908	1,074	469	1,543
Additions due to business combinations	–	–	–	1,223	114	1,337
Additions	40,093	25,652	65,745	27,873	31,574	59,447
Disposals	11,398	7,515	18,913	6,879	4,397	11,276
Balance on 31/12	**173,891**	**89,244**	**263,135**	**150,099**	**73,112**	**223,211**
Depreciation Balance on 01/01	29,655	23,504	53,159	6,395	748	7,143
Changes in currency exchange rates	–946	–724	–1,670	49	90	139
Depreciation in the financial year	25,000	25,758	50,758	24,365	25,373	49,738
Accumulated depreciation on disposals	4,784	7,045	11,829	1,154	2,707	3,861
Balance on 31/12	**48,925**	**41,493**	**90,418**	**29,655**	**23,504**	**53,159**
Carrying amount on 31/12	**124,966**	**47,751**	**172,717**	**120,444**	**49,608**	**170,052**

The right-of-use assets in the item “factory and office equipment” primarily related to lease contracts for trucks.

Lessee lease expenses in the consolidated statement of profit or loss

in € thousand	**2020**	2019
Depreciation on right-of-use assets	50,758	49,738
Expenses for short-term leases	499	503
Expenses for low-value leases	987	1,087
Earnings before interest and income taxes	**52,244**	**51,328**
Interest expenses from leases	4,079	4,209
Earnings before taxes	**56,323**	**55,537**

Development of property, plant and equipment during the previous year

in € thousand	Land and buildings including buildings on third-party land	Technical equipment and machinery	Factory and office equipment	Construction in progress	**Total**
Acquisition and manufacturing costs					
Balance on 01/01/2019	577,081	183,741	337,658	55,210	1,153,690
Changes in currency exchange rates	2,420	197	1,727	20	4,364
Additions due to business combinations	1,236	62	331	–	1,629
Additions	74,659	13,918	68,377	55,287	212,241
Disposals	11,513	2,378	21,796	98	35,785
Transfers	29,646	6,542	7,532	–43,825	–105
Balance on 31/12/2019	**673,529**	**202,082**	**393,829**	**66,594**	**1,336,034**
Depreciation					
Balance on 01/01/2019	179,438	138,648	194,512	–	512,598
Changes in currency exchange rates	636	132	876	–	1,644
Additions due to business combinations	13	62	189	–	264
Depreciation in the financial year	40,980	15,122	55,223	–	111,325
Impairment losses in the financial year	–	–	2,840	–	2,840
Accumulated depreciation on disposals	4,814	2,176	17,947	–	24,937
Transfers	–	23	–23	–	–
Balance on 31/12/2019	**216,253**	**151,811**	**235,670**	**–**	**603,734**
Carrying amount on 31/12/2019	**457,276**	**50,271**	**158,159**	**66,594**	**732,300**

As at the balance sheet date, land and buildings were put up as mortgage to back €84,509 thousand (previous year: €94,442 thousand) in liabilities due to banks.

(14) Trucks for short-term rental

Development of trucks for short-term rental

in € thousand	**2020**	2019
Acquisition and manufacturing costs Balance on 01/01	694,053	688,706
Changes in currency exchange rates	–32,367	8,600
Additions	128,544	159,227
Disposals	154,401	162,480
Balance on 31/12	635,829	694,053
Depreciation Balance on 01/01	341,478	308,165
Changes in currency exchange rates	–14,311	4,053
Depreciation in the financial year	93,064	110,412
Impairment losses in the financial year	3,938	–
Accumulated depreciation on disposals	77,235	81,152
Balance on 31/12	346,934	341,478
Carrying amount on 31/12	288,895	352,575

Impairment losses totalling €3,938 thousand were recognised in the reporting year for IC engine-powered counterbalanced trucks.

Trucks for short-term rental with a total carrying amount of €107,714 thousand (previous year: €120,732 thousand) were pledged as collateral for their associated financial liabilities as part of the financing of receivables from intragroup rental-purchase agreements.

(15) Trucks for lease from financial services

Development of trucks for lease from financial services

in € thousand	**2020**	2019
Acquisition and manufacturing costs Balance on 01/01	905,218	828,391
Changes in currency exchange rates	–14,194	7,172
Additions	169,830	217,933
Disposals	165,440	148,278
Balance on 31/12	895,414	905,218
Depreciation Balance on 01/01	347,161	299,978
Changes in currency exchange rates	–5,076	2,614
Depreciation in the financial year	136,284	135,436
Accumulated depreciation on disposals	98,834	90,867
Balance on 31/12	379,535	347,161
Carrying amount on 31/12	515,879	558,057

The breakdown of the carrying amount of trucks for lease by contract type is presented in the following table:

Composition of trucks for lease from financial services

in € thousand	**31/12/2020**	31/12/2019
"Operating lease" contracts with customers	414,864	449,962
Contracts concluded with a leasing company acting as an intermediary	36,261	37,702
Truck fleets for contracts with selected major customers	64,754	70,393
	515,879	558,057

Within the framework of financial services offered by Jungheinrich Group companies acting as lessors, trucks for which a lease classified as an "operating lease" in accordance with IFRS has been concluded with the end customer are capitalised as trucks for lease.

The "operating leases" existing as at the balance sheet date included, in the amount of €8,555 thousand (previous year: €9,969 thousand), a fleet of trucks which is made available to customers in Australia for the flexible, short-term transfer of use.

In relation to the remaining non-cancellable "operating leases" valid as at the balance sheet date, the future lease payments to be paid to Jungheinrich are presented in the following table, broken down by maturity.

Maturities of the outstanding lease payments from "operating lease" customer contracts

in € thousand	**31/12/2020**	31/12/2019
Due the following year	146,366	152,145
Due in the second year	108,975	117,225
Due in the third year	71,852	80,222
Due in the fourth year	37,462	46,027
Due in the fifth year	13,117	17,921
Due in more than five years	2,025	2,556
Total outstanding lease payments	379,797	416,096

Customer contracts with a leasing company/bank acting as an intermediary are also capitalised under the item "Trucks for lease from financial services" for sales contracts with agreed repurchase obligations concluded between Jungheinrich and leasing companies/banks if these contracts are classified as "operating leases".

The item "Trucks for lease from financial services" also includes truck fleets whose capacities selected large customers are able to use flexibly.

Trucks for lease with a carrying amount of €274,996 thousand (previous year: €295,777 thousand) were pledged as collateral for liabilities from financial services as at the balance sheet date.

(16) Investments measured using the equity method

Development of investments measured using the equity method

in € thousand	**2020**	2019
Balance on 01/01	41,606	35,893
Additions	9,775	7,596
Pro rata earnings	981	1,349
Pro rata other comprehensive income (expense)	593	–
Dividend payments	2,668	3,870
Impairment losses	7,775	–
Disposals	270	–
Consolidation	–	638
Balance on 31/12	42,242	41,606

The investments measured using the equity method related to joint ventures in the amount of €38,592 thousand (previous year: €38,590 thousand) and associated companies in the amount of €3,650 thousand (previous year: €3,016 thousand).

Jungheinrich increased the capital stock of the joint venture Industrial Components of Texas LLC., Houston/Texas (USA) pro rata in the amount of €7,775 thousand during the reporting year in conjunction with its move to wind up and liquidate the company. This capital increase was required in order to offset on a proportionate basis the losses that the joint venture had accrued up until its liquidation. An impairment loss equal to the size of the capital increase was thus recognised in 2020 for the investments in companies accounted for using the equity method. Please see the notes to changes in the scope of consolidation.

The additions in the reporting year also included a pro rata increase in the capital stock of TREX.PARTS GmbH & Co. KG, Sittensen (Germany) in the amount of €2,000 thousand.

Jungheinrich received a dividend in the amount of €2,668 thousand (previous year: €3,870 thousand) from the joint venture JULI Motorenwerk s.r.o., Moravany (Czech Republic) during the reporting year. The measurement of cash flow hedges at fair value resulted in pro rata other comprehensive income amounting to €593 thousand in 2020 (previous year: €– thousand) for this joint venture.

Material investments in companies accounted for using the equity method

Company	Main business	Share of capital in % 31/12/2020	31/12/2019
JULI Motorenwerk s.r.o., Moravany (Czech Republic)	Development, production and distribution of electric engines	50	50
Jungheinrich Heli Industrial Truck Rental (China) Co., Ltd., Shanghai (China)	Short-term rental of material handling equipment on the Chinese market	50	50
Cebalog GmbH, Pyrbaum (Germany)	Manufacture and distribution of industrial batteries	40	–

Information on the other companies accounted for using the equity method can be found in note (43) page 144.

The following table contains summarised financial information on the individual material companies accounted for using the equity method, whereby the disclosures do not represent Jungheinrich AG's share, but rather the entire entity.

Summarised financial information of the material companies accounted for using the equity method

	JULI Motorenwerk s.r.o., Moravany (Czech Republic)[1]		Jungheinrich Heli Industrial Truck Rental (China) Co., Ltd., Shanghai (China)[1]		Cebalog GmbH, Pyrbaum (Germany)	
in € thousand	**2020**	2019	**2020**	2019	**2020**	2019
Revenue	135,675	158,722	31,245	29,299	68,532	64,389
Profit or loss	4,205	6,633	434	–758	1,585	996
Other comprehensive income (expense)	1,186	–	–	–	–	–
Comprehensive income (expense)	5,391	6,633	434	–758	1,585	996
in € thousand	**31/12/2020**	31/12/2019	**31/12/2020**	31/12/2019	**31/12/2020**	31/12/2019
Non-current assets	23,967	24,207	63,602	59,649	657	517
Current assets	29,382	28,089	25,153	19,281	25,132	16,739
Non-current liabilities	5,141	2,661	18,979	17,710	11,302	10,000
Current liabilities	19,015	17,707	30,750	21,610	11,789	6,143
Shareholders' equity	29,193	31,928	39,026	39,610	2,698	1,113

1 Including subsidiaries.

Reconciliation of the summarised financial information with the carrying amount of the material companies accounted for using the equity method in the consolidated financial statements.

	JULI Motorenwerk s.r.o., Moravany (Czech Republic)[1]		Jungheinrich Heli Industrial Truck Rental (China) Co., Ltd., Shanghai (China)[1]		Cebalog GmbH, Pyrbaum (Germany)	
in € thousand	**31/12/2020**	31/12/2019	**31/12/2020**	31/12/2019	**31/12/2020**	31/12/2019
Shareholders' equity	29,193	31,928	39,026	39,610	2,698	1,113
Pro rata shareholders' equity	14,597	15,964	19,513	19,805	1,079	445
Consolidation/other	–1,060	–2,455	1,226	739	2,571	2,571
Carrying amount calculated using the equity method	13,537	13,509	20,739	20,544	3,650	3,016

1 Including subsidiaries.

The following table contains aggregated financial information on the individual immaterial joint ventures, whereby the disclosures represent the Jungheinrich Group's share in each case.

Aggregated financial information on immaterial companies accounted for using the equity method

	Other joint ventures	
in € thousand	**2020**	2019
Profit or loss	–6,485	–3,962
Comprehensive income (expense)	–6,485	–3,962
At-equity carrying amount as of 31/12	4,316	4,537

The Group did not recognise pro rata losses of a total of €4,534 thousand (previous year: €1,940 thousand) in respect of its investments in joint ventures. The cumulative unrecognised pro rata losses sustained by the joint venture Industrial Components of Texas LLC., Houston/ Texas (USA) were offset in 2020, and the company was subsequently liquidated. Please see the notes to changes in the scope of consolidation. The cumulative losses not recognised in the carrying amount calculated using the equity method totalled €86 thousand as of 31 December 2020 (previous year: €3,399 thousand).

The impairment test performed on investments in companies accounted for using the equity method as at the balance sheet date in 2020 did not result in any impairment losses.

(17) Other financial assets

Composition of other financial assets

in € thousand	**31/12/2020**	31/12/2019
Investments in non-consolidated affiliated companies	708	121
Investments in joint ventures not accounted for using the equity method	25	27
Other investments	8,500	200
	9,233	348

The investments in unconsolidated affiliated companies and joint ventures not accounted for using the equity method were accounted for at fair value. As at the balance sheet date, the fair value was calculated based on amortised cost.

In the fourth quarter of 2020, Jungheinrich acquired 18.2 per cent of the capital stock and voting rights in Magazino GmbH, Munich (Germany) against payment of a purchase price of €8.5 million. The company is a robotics start-up which develops, manufactures and sells intelligent, mobile robots that perceive their environment and make their own route decisions. As at the balance sheet date, the fair value of these investments was calculated based on acquisition costs.

Changes in fair values amounted to €– thousand in the reporting year (previous year: €– thousand).

(18) Inventories

Composition of inventories

in € thousand	31/12/2020	31/12/2019
Raw materials and supplies	121,146	130,926
Work in progress	51,017	43,863
Finished goods	148,801	169,213
Merchandise	124,298	148,639
Spare parts	73,922	78,340
Advance payments	18,270	21,717
	537,454	592,698

€53,678 thousand (previous year: €58,798 thousand) of the inventories are carried at their net realisable value. Write-downs recognised for inventories as at the balance sheet date amounted to €59,797 thousand (previous year: €57,033 thousand).

(19) Trade accounts receivable and contract assets

Composition of trade accounts receivable and contract assets

in € thousand	31/12/2020	31/12/2019
Trade accounts receivable (gross carrying amount)	671,606	704,378
Valuation allowances	−22,142	−17,222
Trade accounts receivable	649,464	687,156
Contract assets	31,846	31,470
Trade accounts receivable and contract assets	681,310	718,626

Trade accounts receivable included receivables from affiliated companies of €49 thousand (previous year: €138 thousand), receivables from joint ventures of €7,080 thousand (previous year: €3,656 thousand) and receivables from associated companies of €1 thousand (previous year: €– thousand). No notes receivable were due as of 31 December 2020 (previous year: €4,572 thousand).

The contract assets essentially comprise contract balances from long-term construction contracts, the revenue of which is recognised over time. The credit risk for the contract assets was rated as very low. As of 31 December 2020, impairment losses in the amount of €49 thousand were recognised for expected credit losses on contract assets (previous year: €86 thousand).

Details on the development of loss allowances for expected credit losses on trade accounts receivable and contract assets can be found in note (32) page 124.

The following tables contain information on the credit risk and expected credit losses for trade accounts receivable.

Trade accounts receivable:
Composition, credit risk and calculated expected credit losses as of 31 December 2020

in € thousand	Credit rating not impaired		Credit rating impaired		**Total as of 31 December 2020**	
Risk categories	Trade accounts receivable (gross carrying amount)	Level 2 valuation allowances	Trade accounts receivable (gross carrying amount)	Level 3 valuation allowances	Trade accounts receivable (gross carrying amount)	Valuation allowances
Very good credit rating	279,963	82	–	–	279,963	82
Good credit rating	273,000	726	–	–	273,000	726
Average credit rating	66,883	518	–	–	66,883	518
Weak credit rating	14,386	293	37,374	20,523	51,760	20,816
	634,232	1,619	37,374	20,523	**671,606**	**22,142**

Trade accounts receivable:
Composition, credit risk and calculated expected credit losses as of 31 December 2019

in € thousand	Credit rating not impaired		Credit rating impaired		Total as of 31 December 2019	
Risk categories	Trade accounts receivable (gross carrying amount)	Level 2 valuation allowances	Trade accounts receivable (gross carrying amount)	Level 3 valuation allowances	Trade accounts receivable (gross carrying amount)	Valuation allowances
Very good credit rating	255,762	73	–	–	255,762	73
Good credit rating	317,042	907	–	–	317,042	907
Average credit rating	87,002	610	–	–	87,002	610
Weak credit rating	13,671	243	30,901	15,389	44,572	15,632
	673,477	1,833	30,901	15,389	704,378	17,222

Trade accounts receivable of €7,670 thousand (previous year: €12,196 thousand) were hedged by credit insurance policies for 90 per cent and 100 per cent as at the balance sheet date.

(20) Receivables from financial services

Within the framework of the financial services business in which Jungheinrich Group companies act as lessors, the net investment values of customer leases classified as "finance leases" in accordance with IFRS are capitalised as receivables from financial services from the beginning of the lease onwards. Only lease payments due in the future are recognised as receivables from financial services. As these receivables are fully secured by the fair values of the trucks underlying the leases, no loss allowances for expected credit losses are taken into account.

Loss allowances for expected credit losses are determined for the amounts transferred to trade accounts receivable when the lease payments fall due and are recognised in note (19) page 110.

In relation to the "finance lease" customer contracts valid as at the balance sheet date, the future lease payments to be paid to Jungheinrich are presented in the following table, broken down by maturity.

Receivables from financial services:
Reconciliation of total outstanding lease payments with their net investment value

in € thousand	**31/12/2020**	31/12/2019
Due the following year	406,604	380,844
Due in the second year	352,806	329,969
Due in the third year	298,118	274,982
Due in the fourth year	221,741	213,076
Due in the fifth year	134,886	138,482
Due in more than five years	87,223	89,229
Total outstanding lease payments	1,501,378	1,426,582
Less unrealised interest income	174,397	166,642
Receivables from financial services	1,326,981	1,259,940

In the reporting year, Jungheinrich realised income of around €109 million (previous year: around €130 million) from the difference between additions to "finance lease" customer contracts and the carrying amounts of the underlying assets.

Receivables from financial services with carrying amounts of €713,095 thousand (previous year: €674,315 thousand) were pledged as collateral for liabilities from financial services as at the balance sheet date.

(21) Other receivables and other assets

Composition of other receivables and other assets

in € thousand	**31/12/2020**	31/12/2019
Receivables from other taxes	15,165	26,965
Assets from the measurement of funded pension plans	11,005	17,240
Deferred income	14,588	15,017
Miscellaneous other assets	8,360	14,514
Other financial assets	2,642	1,638
	51,760	75,374

Prepaid expenses primarily consisted of deferred prepayments for software usage fees and insurance premiums.

Other financial assets included receivables from affiliated companies of €911 thousand (previous year: €810 thousand) and receivables from companies accounted for using the equity method of €88 thousand (previous year: €155 thousand). The credit risk for all other financial assets was rated as low. As at the balance sheet date, loss allowances totalling €– thousand were recognised for expected credit losses (previous year: €1,353 thousand). Details on the development of loss allowances can be found in note (32). The valuation allowances for expected losses accounted for as of 31 December 2019 related to a joint venture that was liquidated in 2020. Please see the notes to changes in the scope of consolidation.

No other receivables and other assets were either past due or impaired. As at the balance sheet date, there was no indication that the debtors could not meet their payment obligations.

(22) Securities

Composition of securities

in € thousand	**31/12/2020**	31/12/2019
Commercial papers, bonds and debenture bonds	231,912	169,066
Promissory notes	19,992	19,986
Shares	12,479	14,292
Covered bonds	11,710	9,928
Investment funds	17,168	–
Valuation allowances	–233	–54
	293,028	213,218

The total portfolio of securities of €140,356 thousand (previous year: €83,447 thousand) comprised financial instruments categorised as "at amortised cost". These securities are held by Jungheinrich for the purpose of holding them to maturity and realising their contractual cash flows. Jungheinrich's securities on 31 December 2020 will mature in 2021 and 2022. All of Jungheinrich's securities as of 31 December 2019 which were due to mature in 2020 were redeemed when they matured, as contractually agreed. The credit risk for securities measured at amortised cost was rated as low, with the result that the loss allowances were calculated based on the expected twelve-month credit losses. As at the balance sheet date, loss allowances in the amount of €233 thousand were recognised for expected credit losses in relation to these securities (previous year: €54 thousand). Details on the development of loss allowances can be found in note (32) page 124.

The securities held in the special fund on 31 December 2020 had a total carrying amount of €152,905 thousand (previous year: €129,825 thousand) and were assigned to the category "at fair value through profit or loss".

(23) Cash and cash equivalents

Cash and cash equivalents are available at short notice and have an original maturity of up to three months. They also include term deposits with an original contractual term of up to twelve months. As at the balance sheet date, cash and cash equivalents included term deposits with an original term of over three months and without the option of termination at no cost at short notice in the amount of €150,000 thousand (previous year: €105,000 thousand) as well as bank balances in the amount of €5,802 thousand (previous year: €4,241 thousand) that are held in the special fund. €11,007 thousand (previous year: €10,406 thousand) in bank balances had been pledged to banks as of 31 December 2020. As at the balance sheet date, loss allowances totalling €93 thousand were recognised for expected credit losses (previous year: €23 thousand). Details on the development of loss allowances can be found in note (32) page 124.

(24) Shareholders' equity

Subscribed capital

The subscribed capital of Jungheinrich AG, Hamburg (Germany) was fully paid up as at the balance sheet date and amounted to €102,000 thousand (previous year: €102,000 thousand). As in the previous year, it was divided among 54,000,000 ordinary shares and 48,000,000 preferred shares, each accounting for an imputed €1.00 share of the subscribed capital. All of the shares had been issued as at the balance sheet date.

Holders of no-par-value preferred shares will receive a preferential share of the profit of €0.04 per preferred share from the distributable profit which is distributed. On payment of a €0.04 share of the profit per ordinary share, the distributable profit remaining for distribution will be distributed among ordinary and preferred shareholders in line with the pro rata share of subscribed capital attributable to their shares, whereby unlike ordinary shareholders, preferred shareholders are entitled to an additional dividend of €0.02 per preferred share.

Capital reserve

The capital reserve includes premiums from the issuance of shares and additional income from the sale of own shares in previous years.

Retained earnings

Retained earnings contain undistributed earnings generated by Jungheinrich AG and consolidated subsidiaries in previous years as well as profit or loss attributable to shareholders of Jungheinrich AG for the reporting period.

Dividend proposal

Jungheinrich AG pays its dividend from the distributable profit stated in the annual financial statements of Jungheinrich AG, which are prepared in accordance with the German Commercial Code. The Board of Management of Jungheinrich AG proposes to use the €45,480 thousand distributable profit for the 2020 financial year to make a total dividend payment of €42,780 thousand, corresponding to a dividend of €0.41 per ordinary share and €0.43 per preferred share, as well as to transfer €2,700 thousand to other retained earnings.

Other comprehensive income

Details on changes in other comprehensive income

in € thousand	2020	2019
Income from the measurement of financial instruments with a hedging relationship	2,368	–3,938
Unrealised income – Currency hedges	6,711	–5,871
Unrealised income – Interest rate hedges	–665	–708
Realised income – Currency hedges	–3,120	1,708
Deferred taxes	–558	933
Income from currency translation	–38,473	10,895
Unrealised income	–38,473	10,895
Income from investments measured using the equity method	593	–
Unrealised income	593	–
Income (expense) from the measurement of pensions	–9,111	–8,569
Income from the remeasurement of defined benefit pension plans	–13,027	–12,838
Deferred taxes	3,916	4,269
Other comprehensive income (expense)	–44,623	–1,612

Other comprehensive income was exclusively attributable to shareholders of Jungheinrich AG.

Managing capital

Jungheinrich is not subject to any minimum capital requirements pursuant to its articles of association.

The Group manages the way in which its capital is used commercially via the return on interestbearing capital employed (ROCE).

Interest-bearing capital consists of shareholders' equity, financial liabilities, provisions for pensions and similar obligations and non-current personnel provisions less cash and cash equivalents and securities.

ROCE in the reporting year was 13.5 per cent (previous year: 13.7 per cent).

EBIT return on capital employed (ROCE)

in € thousand	2020	2019
Interest-bearing capital 31/12	1,617,938	1,916,759
EBIT	218,144	262,569
ROCE in %	13.5	13.7

The capital and finance structure of the Group and its companies is managed primarily using the "debt ratio" as a key ratio. The debt ratio is defined as the ratio of net debt to earnings before interest, taxes, depreciation and amortisation (EBITDA) adjusted for depreciation on trucks for lease from financial services.

Net debt

in € thousand	31/12/2020	31/12/2019
Financial liabilities	787,353	767,591
Cash and cash equivalents and securities	–981,062	–595,522
Net credit (–)/Net debt (+)	–193,709	172,069

As at the balance sheet date, the Jungheinrich Group reported net credit of €193,709 thousand (previous year: net debt of €172,069 thousand). The debt ratio has improved significantly compared with the situation as at the balance sheet date for the previous year.

Debt ratio

in € thousand	**31/12/2020**	31/12/2019
Net credit (−)/Net debt (+)	−193,709	172,069
EBITDA (adjusted for depreciation on trucks for lease from financial services)	507,049	534,851
Debt ratio in years	< 0	0.32

Jungheinrich determines the key ratios when preparing its quarterly financial statements. They are reported to the Board of Management once a quarter, in order to enable it to introduce measures if necessary.

Non-controlling interests

The non-controlling interests in the shareholders' equity relate to minority interests in JT Energy Systems GmbH, Freiberg, and its subsidiaries.

(25) Provisions for pensions and similar obligations

Pension plans

Jungheinrich Group company pension schemes are either defined contribution or defined benefit plans. In defined contribution plans, Jungheinrich does not assume any obligation in addition to the contributions made to state-owned or private pension insurers. In the reporting year, expenses of €14,177 thousand for defined contribution plans (previous year: €11,315 thousand) were recognised in functional costs.

In Germany, major obligations have been assumed for defined benefit pension commitments regulated in individual and collective agreements for members of the Board of Management, managing directors and employees of Jungheinrich AG and its German subsidiaries. When pension benefits are committed within the framework of collective agreements, the amount of the pension claim depends on the number of eligible years of service when the pension payment is scheduled to start as well as on the monthly average salary of the beneficiary. German pension plans are funded by provisions. The company pension plans of Jungheinrich AG and of Jungheinrich Moosburg AG & Co. KG have been closed to managing directors and employees since 1 July 1987 and 14 April 1994 respectively.

During the reporting year, Jungheinrich gave retired employees with German pension commitments the opportunity to have their existing pension claims settled in the form of a one-off lump-sum payment. Paying out these benefit obligations resulted in income in the amount of €189 thousand, which is included in the pension expenses for defined benefit plans in 2020.

In the United Kingdom, major obligations have been assumed to fulfil defined benefit pension commitments regulated in shop agreements to employees of Jungheinrich UK Ltd. and former employees of the Boss Manufacturing Ltd. production plant, which was closed in 2004. The pension plans of these companies were merged in 2003. The level of the committed benefits depends on the average compensation received by the beneficiaries during their years of service. The pension plan is funded by an outsourced fund and has been closed to new employees since 1 October 2002 and 18 January 2003 respectively. The pension plan was closed to current employees with effect from 31 July 2020. Since 1 August 2020, it has not been possible to accrue any additional benefit claims by completing more years of service as a result. Pension costs and contributions paid in 2020 were lower than in previous years. The benefit claims accrued up until the plan was closed are to continue to be adjusted in line with changes in the basis for calculating them, meaning that closing the pension plan did not give rise to any past service cost.

In other countries outside of Germany, several companies have pension plans for managing directors and employees. The principle foreign pension claims are covered by insurance policies.

Composition of the net defined benefit liability from defined benefit pension plans

in € thousand	31/12/2020	31/12/2019
Present value of funded defined benefit obligations	338,391	316,889
Fair value of plan assets	328,258	313,417
Funding gap	10,133	3,472
Present value of unfunded defined benefit obligations	219,022	218,938
Net defined benefit liability	**229,155**	**222,410**
Germany	199,683	198,775
United Kingdom	–11,005	–17,240
Other countries	40,477	40,875

Of the net defined benefit liability from defined benefit pension plans, €240,160 thousand (previous year: €239,650 thousand) is recorded under the item "provisions for pensions and similar obligations" and €11,005 thousand (previous year: €17,240 thousand) is stated under "other receivables and other assets".

Development of the present value of defined benefit obligations

in € thousand	2020	2019
Present value of defined benefit obligations as of 01/01	535,827	485,807
Changes in currency exchange rates	–13,986	14,148
Current service cost	6,374	7,023
Past service cost	–179	–
Settlement gains	–189	–
Interest cost	7,615	10,997
Actuarial gains (–)/losses (+) on		
changes in financial assumptions	48,386	54,046
changes in demographic assumptions	–2,265	–5,912
experience adjustments	–954	–9,630
Employee contributions	1,677	1,818
Pension payments made from company assets	–11,757	–8,960
Pension payments made from plan assets	–12,631	–13,048
Other changes	–505	–462
Present value of defined benefit obligations as of 31/12	**557,413**	**535,827**
Germany	199,683	198,775
United Kingdom	265,931	252,628
Other countries	91,799	84,424

The pension payments made using company assets in the reporting year in the amount of €2,040 thousand (previous year: €– thousand) related to settlements.

Significant financial assumptions (weighted average) for determining the present value of defined benefit obligations

	Germany		United Kingdom		Other countries	
in %	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Discount rate	0.9	1.2	1.4	2.1	0.6	0.5
Expected rate of pension increase	1.5	1.5	2.9	2.9	0.0	0.1

In the 2020 and 2019 financial years, the demographic assumptions for Germany were based on Prof. Klaus Heubeck's 2018G reference tables. In the reporting year, the valuation of pension plans in the United Kingdom was based on the SAPS S3PxA CMI 2019 mortality table (1.25 per cent) (previous year: SAPS S3PxA CMI 2018 (1.25 per cent)). The life expectancies used to measure plans in other countries were based on local mortality tables.

Jungheinrich primarily derives the interest rate risk, the pension increase risk and the longevity risk from the pension plans. The sensitivity analyses presented below were performed on the basis of reasonable potential changes in the assumptions as at the balance sheet date, while the other assumptions remained unchanged.

Sensitivity analysis of the significant financial assumptions for determining the present value of defined benefit obligations

in € thousand	**31/12/2020**	31/12/2019
Discount rate 0.5% higher	–42,599	–40,352
Discount rate 0.5% lower	48,276	45,479
Expected rate of pension increase 0.5% higher	30,050	27,945
Expected rate of pension increase 0.5% lower	–24,580	–22,718

A one-year increase in life expectancy would cause the present value of the defined benefit obligations in Germany and the United Kingdom to rise by approximately 5.2 per cent (previous year: 5.2 per cent) and 4.0 per cent (previous year: 4.1 per cent) respectively.

The actual change in the present value of defined benefit obligations cannot be derived from the aforementioned sensitivity analysis. It is not expected that the deviations will occur in isolation from one another as some of the assumptions are related to each other.

Furthermore, Jungheinrich is not exposed to any material risks arising from pension obligations.

The weighted average duration of defined benefit obligations on the balance sheet date was around 14 years in Germany (previous year: 14 years), around 19 years in the United Kingdom (previous year: 18 years) and around 17 years in other countries (previous year: 18 years).

Jungheinrich expects to make approximately €9.5 million (previous year: €9.5 million) in pension payments using company assets in the 2021 financial year.

Development of the fair value of plan assets

in € thousand	**2020**	2019
Fair value of plan assets on 01/01	313,417	273,233
Changes in currency exchange rates	–14,900	14,127
Interest income	5,401	7,290
Actuarial gains (+)/losses (–)	32,140	25,666
Employer contributions	4,416	5,601
Employee contributions	1,677	1,818
Pension payments made	–12,631	–13,048
Other changes	–1,262	–1,270
Fair value of plan assets on 31/12	328,258	313,417
United Kingdom	276,936	269,868
Other countries	51,322	43,549

In the reporting year, the actual return on plan assets amounted to €36,784 thousand (previous year: €32,148 thousand). As in the previous year, there were no effects from the limitation to the asset ceiling.

Plan assets largely comprise the outsourced fund set up to cover pension obligations in the UK. The assets and income from the pension fund are intended exclusively for benefits and for administrative expenses for the pension plan. Jungheinrich works with external asset managers to invest in the plan assets.

Our long-term investment strategy complies with, among other things, minimum capital cover requirements and the goal of maximising income from the plan assets while keeping volatility at a reasonable level in order to minimise the long-term costs of defined benefit pension plans.

Plan asset investments are made while ensuring that cash and cash equivalents are sufficient to cover benefits that fall due.

Composition of the fair value of the plan assets in the United Kingdom

in € thousand	31/12/2020	31/12/2019
Cash and cash equivalents	1,044	1,061
Equity instruments	47,929	53,152
Stock index funds in the United Kingdom	26,953	31,552
Stock index funds in Europe (excluding the UK)	20,976	21,600
Debt instruments	227,963	215,655
UK government bonds	203,450	191,589
Corporate bonds	24,513	24,066
Fair value on 31/12	276,936	269,868

The fair values of the aforementioned equity and debt instruments were determined on the basis of prices quoted on active markets.

The fair value of plan assets in the other countries totalled €51,322 thousand (previous year: €43,549 thousand) and cannot be broken down into asset classes as these plan assets are qualifying insurance policies.

As in the previous year, the outsourced pension funds did not include any own financial instruments or property used by Group companies as at the balance sheet date.

Jungheinrich expects to make cash-effective employer contributions totalling approximately €3.7 million for the 2021 financial year (previous year: €6.0 million) in order to comply with minimum statutory and contractual requirements.

Costs associated with defined benefit pension plans recognised in the consolidated statement of comprehensive income

in € thousand	2020	2019
Current service cost	–6,374	–7,023
Past service cost	179	–
Settlement gains	189	–
Net interest	–2,214	–3,707
Plan administration cost	–757	–808
Earnings before taxes	–8,977	–11,538
Remeasurement of defined benefit obligations	–45,167	–38,504
Remeasurement of plan assets	32,140	25,666
Other comprehensive income (expense) before taxes	–13,027	–12,838
Comprehensive income (expense) before taxes from defined benefit pension plans	–22,004	–24,376

Current service cost, past service cost and settlement gains were recognised in the personnel costs of the corresponding functional areas. The net interest and the plan administration costs were included in financial income (expense).

(26) Other provisions

Development of other provisions

in € thousand	Balance as of 01/01/2020	Changes in currency exchange rates	Additions	Utilisations	Releases	**Balance as of 31/12/2020**
Provisions for personnel	160,539	–2,445	136,799	110,958	9,064	174,871
Provisions for warranty obligations	34,698	–991	61,158	46,129	2,434	46,302
Provisions for onerous contracts	48,767	–1,466	29,743	14,576	1,212	61,256
Others	22,193	–774	14,391	8,227	6,388	21,195
Other provisions	**266,197**	**–5,676**	**242,091**	**179,890**	**19,098**	**303,624**

Provisions for personnel primarily relate to provisions for obligations arising from phased retirement agreements, anniversary obligations, performance-related remuneration and holiday entitlements.

As at the balance sheet date, obligations arising from phased retirement agreements amounted to €22,512 thousand (previous year: €21,463 thousand), which were netted against €11,564 thousand in financial assets (previous year: €10,213 thousand). Cash and cash equivalents and securities were transferred to an external trust in order to finance these obligations. These trust assets are being exclusively held to secure long-term benefits due to employees within the scope of phased retirement agreements and qualify as plan assets in accordance with IAS 19. The cash and cash equivalents and securities are not freely available due to the hedging role they play for these agreements. Furthermore, provisions in the amount of €5,508 thousand (previous year: €4,845 thousand) were accrued to cover the claims of candidates potentially qualifying for future phased retirement work arrangements commensurate to their probability of occurrence.

Additions to provisions for personnel included a total of €250 thousand in interest accretions (previous year: €548 thousand). €35,963 thousand (previous year: €34,016 thousand) of the provisions for personnel had a remaining maturity of more than one year.

The Group recognises provisions for warranty obligations based on past experience when products are sold or when new warranty measures are initiated. These provisions relate to the assessment of the extent to which warranty obligations must be met in the future and to the cost involved. Provisions for warranty obligations contain the expected expense of statutory and contractual warranty claims as well as the expected expense of voluntary concessions and recall actions. Additions to warranty obligations cover the product-related warranty expenses for the 2020 financial year for material handling equipment sold in the year under review.

Provisions for onerous contracts essentially relate to provisions for residual value risks from the financial services business at the end of the contractual term. Impending losses from cancellations of contracts and other contractual risks are also recognised. €19,303 thousand (previous year: €11,862 thousand) of the provisions for onerous contracts had a remaining maturity of more than one year.

Other provisions include provisions for legal disputes, environmental risks and other obligations.

(27) Financial liabilities

Composition and maturity of financial liabilities

in € thousand	Liabilities due to banks	Promissory notes	Liabilities from financing trucks for short-term rental	Lease liabilities	Notes payable	**Financial liabilities**
31/12/2020						
Total future cash flows	295,591	208,238	125,225	188,917	4,504	822,475
Due within one year	143,870	52,303	41,204	44,016	4,504	285,897
Due in one to five years	99,089	124,806	84,020	97,428	–	405,343
Due in more than five years	52,632	31,129	1	47,473	–	131,235
Present value of future cash flows	283,528	200,000	124,559	174,762	4,504	787,353
Due within one year	141,080	50,000	40,816	40,569	4,504	276,969
Due in one to five years	93,804	120,000	83,742	89,908	–	387,454
Due in more than five years	48,644	30,000	1	44,285	–	122,930
Future interest expenses	12,063	8,238	666	14,155	–	35,122
31/12/2019						
Total future cash flows	271,085	210,539	142,573	185,747	2,257	812,201
Due within one year	103,519	2,301	43,898	46,122	2,257	198,097
Due in one to five years	103,786	151,457	98,675	98,861	–	452,779
Due in more than five years	63,780	56,781	–	40,764	–	161,325
Present value of future cash flows	254,052	200,000	141,314	169,968	2,257	767,591
Due within one year	99,140	–	43,236	42,457	2,257	187,090
Due in one to five years	96,359	145,000	98,078	90,568	–	430,005
Due in more than five years	58,553	55,000	–	36,943	–	150,496
Future interest expenses	17,033	10,539	1,259	15,779	–	44,610

Financial liabilities that can be repaid any time are disclosed as being "due within one year".

Details of liabilities due to banks

Currency	Interest rate conditions	Remaining term of the fixed interest rate as of 31/12/2020	Nominal volumes as of 31/12/2020 in € thousand	Range of effective interest rates 2020	**Carrying amounts as of 31/12/2020 in € thousand**	Nominal volumes as of 31/12/2019 in € thousand	Range of effective interest rates 2019	Carrying amounts as of 31/12/2019 in € thousand
EUR	variable	< 1 year	15,639	EURIBOR + margin	15,639	19,270	EURIBOR + margin	19,270
RUB	variable	< 1 year	5,468	LIBOR + margin	5,468	–	–	–
ZAR	variable	< 1 year	5,059	LIBOR + margin	5,059	12,585	LIBOR + margin	12,585
INR	variable	< 1 year	8,063	LIBOR + margin	8,063	8,066	LIBOR + margin	8,066
THB	variable	< 1 year	2,559	LIBOR + margin	2,559	6,554	LIBOR + margin	6,554
Other	variable	< 1 year	8,730	LIBOR + margin	8,730	37,522	LIBOR + margin	37,522
EUR	fixed	< 1–11 years	198,429	0.65%–5.2%	178,873	123,321	0.65%–5.2%	98,191
EUR	variable	> 10 years	50,000	EURIBOR + margin	41,667	50,000	EURIBOR + margin	45,000
SGD	variable	> 10 years	8,287	SIBOR + margin	6,593	8,894	SIBOR + margin	7,705
Other	fixed	< 1–3 years	24,297	1.1%–13.8%	10,877	24,953	2.1%–12.0%	19,159
Total liabilities due to banks			326,531		283,528	291,165		254,052

Composition of the promissory notes as of 31 December 2020

	Maturity in year	Nominal interest rate	Nominal amount in € thousand
Jungheinrich AG 2014	2021	Fixed interest	50,000
Jungheinrich AG 2017 (I)	2022	Fixed interest	13,000
Jungheinrich AG 2017 (II)	2022	EURIBOR + margin	10,000
Jungheinrich AG 2017 (III)	2024	Fixed interest	30,000
Jungheinrich AG 2017 (IV)	2024	EURIBOR + margin	17,000
Jungheinrich AG 2017 (V)	2027	Fixed interest	30,000
Jungheinrich AG 2018 (I)	2023	EURIBOR + margin	25,000
Jungheinrich AG 2018 (II)	2025	EURIBOR + margin	25,000

The nominal amounts of the individual loan tranches correspond to the carrying amounts.

Liabilities from financing trucks for short-term rental amount to €122,254 thousand (previous year: €138,437 thousand) and result from refinancing receivables from intragroup rental-purchase agreements. Jungheinrich was given access to a credit facility, which could only be utilised up to the amount of the residual debt from rental-purchase agreements.

Lease liabilities as of 31 December 2020 primarily related to the long-term leases of properties and trucks. The right-of-use assets from these leases are reported under property, plant and equipment.

(28) Liabilities from financial services

Repurchase obligations equal to the contractually agreed residual values which related to lease contracts with a leasing company acting as intermediary were recognised under liabilities from financial services in the amount of €16,822 thousand (previous year: €17,994 thousand).

This item also contained €1,786,107 thousand (previous year: €1,741,999 thousand) in liabilities from financing. They result from the financing of long-term customer contracts with identical securities. Depending on whether commercial ownership is attributed to Jungheinrich Group companies, these contracts are capitalised under receivables from financial services ("finance leases") or under trucks for lease from financial services ("operating leases").

Liabilities from financial services included €299,562 thousand (previous year: €296,056 thousand) in liabilities from the issuance of promissory notes via the consolidated securitisation vehicle in Luxembourg.

Liabilities from financial services: reconciliation of total future cash flows with their present value

in € thousand	**31/12/2020**	31/12/2019
Total future cash flows	1,861,948	1,819,609
Due within one year	533,497	499,278
Due in one to five years	1,250,200	1,237,293
Due in more than five years	78,251	83,038
Present value of future cash flows	1,786,107	1,741,999
Due within one year	502,815	468,278
Due in one to five years	1,206,449	1,192,130
Due in more than five years	76,843	81,591
Future interest expenses	75,841	77,610

(29) Trade accounts payable

Trade accounts payable include €464 thousand (previous year: €255 thousand) in payables to affiliated companies, €14,238 thousand (previous year: €3,087 thousand) to an associated company and €4,172 thousand (previous year: €3,571 thousand) to joint ventures.

All trade accounts payable are due within one year.

(30) Other liabilities

Composition of other liabilities

in € thousand	**31/12/2020**	31/12/2019
Contract liabilities	122,725	100,740
Liabilities from other taxes	68,130	59,359
Social security liabilities	11,237	12,314
Other financial liabilities	7,498	8,200
Miscellaneous other liabilities	14,231	13,622
	223,821	194,235

Contract liabilities essentially relate to advance payments received on orders, obligations resulting from revenue deductions contractually agreed with customers and contract balances from long-term construction contracts, the revenue of which is recognised over time.

Other financial liabilities contained accounts payable to affiliated companies amounting to €3 thousand (previous year: €3 thousand) and to companies accounted for using the equity method amounting to €60 thousand (previous year: €60 thousand).

As of 31 December 2020, €4,500 thousand (previous year: €4,500 thousand) in other financial liabilities related to liabilities from financing towards the minority shareholders of JT Energy Systems GmbH, Freiberg.

Other financial liabilities also included the estimated fair value of €1,620 thousand (previous year: €1,282 thousand) of the contingent consideration from business combinations. The purchase price will be paid in 2022 at the earliest, as agreed in the contract.

All other liabilities are due within one year.

(31) Deferred income

Deferred revenue from “Financial Services” relates to lease agreements with a leasing company or bank acting as intermediary. In such cases, due to the contractually agreed repurchase obligations, Jungheinrich Group companies have commercial ownership despite the sale of the trucks to the leasing company/bank. The resultant IFRS obligation to capitalise this ownership leads to the deferral of the sales proceeds that have already been received from the leasing company. This deferred income is reversed using the straight-line method with an effect on revenue until the agreed residual value is paid.

Deferred profit from financial services relates to sale and leaseback transactions for refinancing trucks for lease that were concluded before the initial application of IFRS 16 “Leases”. Deferred profit is reversed over the remaining terms of the leases.

Other deferrals in the reporting year include €3,832 thousand (previous year: €3,140 thousand) in government grants.

Composition of deferred income

in € thousand	Deferred revenue from financial services	Deferred profit from financial services	Other deferrals	**Deferred income**
31/12/2020	31,209	39,866	6,633	77,708
Thereof maturities of up to one year	11,956	16,965	3,378	32,299
Thereof maturities of more than one year	19,253	22,901	3,255	45,409
31/12/2019	31,802	62,641	6,009	100,452
Thereof maturities of up to one year	12,169	22,059	2,645	36,873
Thereof maturities of more than one year	19,633	40,582	3,364	63,579

(32) Additional disclosures on financial instruments

Carrying amounts and fair values of financial instruments by measurement category

		31/12/2020		31/12/2019	
in € thousand	Measurement category in accordance with IFRS 9	Carrying amount	Fair value	Carrying amount	Fair value
Assets					
Cash and cash equivalents	At amortised cost	688,034	688,034	382,304	382,304
Trade accounts receivable and contract assets	At amortised cost	681,310	681,310	718,626	718,626
Receivables from financial services	n.a.	1,326,981	1,345,144	1,259,940	1,281,756
Securities	At amortised cost	140,123	140,350	83,393	83,578
Securities	At fair value through profit or loss	152,905	152,905	129,825	129,825
Other financial assets	At fair value through profit or loss	9,233	9,233	348	348
Derivative financial assets					
Derivatives without a hedging relationship	At fair value through profit or loss	2,120	2,120	734	734
Derivatives with a hedging relationship	n.a.	397	397	206	206
Other financial assets	At amortised cost	2,642	2,642	1,638	1,638
Shareholder's equity and liabilities					
Trade accounts payable	Other financial liabilities	383,673	383,673	365,095	365,095
Liabilities due to banks	Other financial liabilities	283,528	287,194	254,052	261,595
Promissory notes	Other financial liabilities	200,000	202,285	200,000	202,137
Liabilities from financing trucks for short-term rental	Other financial liabilities	124,559	124,559	141,314	141,314
Lease liabilities	n.a.	174,762	n.a.	169,968	n.a.
Notes payable	Other financial liabilities	4,504	4,504	2,257	2,257
Liabilities from financial services	Other financial liabilities	1,802,929	1,810,420	1,759,993	1,773,530
Derivative financial liabilities					
Derivatives without a hedging relationship	At fair value through profit or loss	3,106	3,106	5,062	5,062
Derivatives with a hedging relationship	n.a.	3,005	3,005	5,742	5,742
Other financial liabilities	Other financial liabilities	7,498	7,498	8,200	8,200
Of which aggregated by measurement category:					
Assets	At amortised cost	1,512,109	1,512,336	1,185,961	1,186,146
	At fair value through profit or loss	164,258	164,258	130,907	130,907
Shareholders' equity and liabilities	Other financial liabilities	2,806,691	2,820,133	2,730,911	2,754,128
	At fair value through profit or loss	3,106	3,106	5,062	5,062

The carrying amounts of the financial instruments measured at fair value in the consolidated financial statements as at the balance sheet date have been categorised in the table below by their fair value hierarchy level pursuant to IFRS 13 and based on the information and input factors used to determine them.

Hierarchy levels for financial instruments measured at fair value

	31/12/2020				31/12/2019			
in € thousand	Level 1	Level 2	Level 3	**Total**	Level 1	Level 2	Level 3	Total
Assets								
Securities[1]	152,905	–	–	152,905	129,825	–	–	129,825
Other financial assets	–	–	9,233	9,233	–	–	348	348
Derivatives without a hedging relationship	–	2,120	–	2,120	–	734	–	734
Derivatives with a hedging relationship	–	397	–	397	–	206	–	206
Shareholder's equity and liabilities								
Derivatives without a hedging relationship	–	3,106	–	3,106	–	5,062	–	5,062
Derivatives with a hedging relationship	–	3,005	–	3,005	–	5,742	–	5,742

1 Assigned to the measurement category "at fair value through profit or loss".

No transfers between levels 1 and 2 took place in the reporting period.

The fair value of level 1 financial instruments was determined on the basis of stock market quotations as at the balance sheet date.

The fair value of level 2 financial instruments was determined in line with generally acknowledged valuation models based on discounted cash flow analyses and using observable current market prices for similar instruments. The fair value of currency forwards is determined using the mean spot rate as at the balance sheet date, adjusted up or down to reflect the remaining term of the futures contract. The fair value of interest rate derivatives is determined on the basis of the market interest rates and interest rate curves on the balance sheet date, taking their maturities into account. Jungheinrich has taken counterparty risks into consideration when measuring fair value.

If one or more significant input factors cannot be observed on an active market, the financial instrument is assigned to level 3. As at the balance sheet date, the fair value of the financial instruments at level 3 was calculated based on acquisition costs.

Further information on measurement levels is provided in the chapter on accounting principles.

Current interest rates at which comparable loans with identical maturities as at the balance sheet date could have been taken out were used to determine the fair values of liabilities due to banks and promissory notes as well as of receivables and liabilities from financial services.

The fair values of interest-bearing securities with maturities categorised as "at amortised cost" corresponded to the fair values available as at the balance sheet date.

Cash and cash equivalents, trade accounts receivable and other financial assets primarily have short terms of maturity. Their carrying amounts as at the balance sheet date therefore roughly corresponded to their fair values.

Other financial assets comprise investments in non-consolidated affiliated companies, joint ventures and other investments and were measured at fair value in the consolidated financial statements. These investments did not have a listed market price and their fair value could not be reliably determined. As at the balance sheet date, €8.5 million of the carrying amount related to the investment in Magazino GmbH, Munich. As the acquisition date was close to the balance sheet date, the fair value as of 31 December 2020 corresponded to the acquisition costs. There were no other measurement effects with an impact on profit or loss in the reporting year. A recognised method for determining the fair value is to be used from 2021 onwards.

It was assumed that the fair values of trade accounts payable and other financial liabilities corresponded to the carrying amounts of these financial instruments owing to their short remaining terms to maturity.

As regards liabilities from financing trucks for short-term rental with variable interest rates, it was assumed for reasons of simplicity that their fair values corresponded to their carrying amounts since the interest rates agreed and realisable on the market were almost identical.

The carrying amounts of current, interest-bearing financial liabilities corresponded almost exactly to their fair values.

Hierarchy levels for financial instruments which are not measured at fair value and for which the carrying amounts are not reasonable approximations of fair values

	31/12/2020			31/12/2019		
in € thousand	Level 1	Level 2	**Total**	Level 1	Level 2	Total
Assets						
Receivables from financial services	–	1,345,144	1,345,144	–	1,281,756	1,281,756
Securities[1]	140,350	–	140,350	83,578	–	83,578
Shareholders' equity and liabilities						
Liabilities due to banks	–	287,194	287,194	–	261,595	261,595
Promissory notes	–	202,285	202,285	–	202,137	202,137
Liabilities from financial services	–	1,810,420	1,810,420	–	1,773,530	1,773,530

1 Assigned to the measurement category "at amortised cost".

The net results of financial instruments recognised in the statement of profit or loss are presented by measurement category in the following table.

Net results of financial instruments

	from interest and dividends	from subsequent measurement		Net result	
in € thousand		At fair value	Valuation allowances	**2020**	2019
At amortised cost	1,451	–	–7,932	–6,481	–2,540
At fair value through profit or loss	156	3,503	–	3,659	4,344
Other financial liabilities	–44,111	–	–	–44,111	–43,321

Interest and dividends from financial instruments are stated as part of interest income and interest expenses in financial income (expense) and in cost of sales.

The net result of securities held in the special fund, which comprises interest and dividends as well as the net results from the subsequent measurement at fair value of securities categorised as “at fair value through profit or loss”, were recognised in other financial income (expense).

Net results from the subsequent measurement at fair value of derivative financial instruments not designated as hedging instruments are included in the cost of sales, in other operating expenses and in other financial income (expense).

Loss allowances for financial instruments categorised as “at amortised cost” are reported in the cost of sales in the case of trade accounts receivable and contract assets and in other financial income (expense) in the case of securities, cash and cash equivalents and other financial assets. The reversals of (previous year: additions to) loss allowances on other financial assets in 2020 in the amount of €1,353 thousand were recognised in other operating expenses.

The development of loss allowances for financial instruments in 2020 and 2019 is presented in the following table.

Development of loss allowances for financial instruments

in € thousand	Trade accounts receivable and contract assets Level 2	Trade accounts receivable and contract assets Level 3	Securities Level 1	Cash and cash equivalents Level 1	Other financial assets Level 3	Total
Balance on 01/01/2020	1,919	15,389	54	23	1,353	3,349
Changes in currency exchange rates	–46	–619	–	–	–	–665
Utilisations	1	3,487	–	–	–	3,488
Releases	1,874	913	42	23	1,353	4,205
Additions	1,670	10,153	221	93	–	12,137
Balance on 31/12/2020	1,668	20,523	233	93	–	7,128
Balance on 01/01/2019	1,906	15,066	99	351	27	17,449
Changes in currency exchange rates	14	–16	–	–	–	–3
Additions due to business combinations	3	–	–	–	–	3
Utilisations	–	2,201	–	–	–	2,201
Releases	1,913	1,313	92	349	27	1,781
Additions	1,909	3,853	47	21	1,353	5,271
Balance on 31/12/2019	1,919	15,389	54	23	1,353	18,738

ADDITIONAL INFORMATION

(33) Consolidated statement of cash flows

Cash flows have been presented in the statement of cash flows independently of the structure of the statement of financial position and are broken down into cash flow from operating activities, investing activities and financing activities. Cash flows from investing and financing activities were directly attributed to corresponding cash flows. Cash flow from operating activities was derived indirectly.

Cash flow from operating activities was derived from profit or loss, which was adjusted to exclude non-cash income and expenses – mainly consisting of depreciation, amortisation and impairment losses – and taking changes in working capital into account. Cash flow from operating activities also included changes in the carrying amounts of trucks for short-term rental and trucks for lease as well as liabilities and deferred revenue and profit stemming from the financing of these assets. Changes to carrying amounts for right-of-use assets on property, plant and equipment, and non-cash changes and the interest portion of lease payments for the corresponding lease liabilities are also reported under cash flow from operating activities.

Cash flow from investing activities included disposals and additions on property, plant and equipment without right-of-use assets capitalised and intangible assets and in particular additions in capitalised development expenditure. In addition, the cash flow from investing activities includes purchases and sales of securities, inflows and outflows from term deposits with an original term of more than three months and without a short-term, cost-free termination option, purchase price payments for business combinations and payments for investments in companies accounted for using the equity method and other financial assets as well as inflows from the sale of other financial assets.

Cash flow from financing activities included capital-related transactions, dividend payments, cash flow from obtaining and repaying long-term financial loans including promissory notes and changes in short-term liabilities due to banks. In addition, the repayment portion of the lease payments were reported under cash flow from financing activities in accordance with the provisions of IFRS 16 "Leases".

Cash and cash equivalents at the end of the year correspond to the amount disclosed for cash and cash equivalents on the statement of financial position, less the cash and cash equivalents not freely available to Jungheinrich. Bank balances amounting to €11,007 thousand (previous year: €10,406 thousand), which were pledged to banks as at the balance sheet date, as well as time deposits with an original term of more than three months and without a short-term, cost-free termination option amounting to €150,000 thousand (previous year: €105,000 thousand) were therefore not included in cash and cash equivalents. As before, cash and cash equivalents consisted almost exclusively of bank balances as at the balance sheet date.

From the 2020 reporting year onwards, the inflows and outflows of time deposits with an original term of more than three months and without a short-term, cost-free termination option are presented in the cash flow from investing activities. Previously, these time deposits were reported under cash and cash equivalents. The effects of adjustments in accordance with IAS 8.41 on the individual items of the consolidated cash flow statement for 2019 can be seen in the following table.

Effects from adjustments in accordance with IAS 8.41

in € thousand	2019 (adjusted)	Adjustment	2019 (published)
Cash flow from investing activities	–208,407	10,000	–218,407
Net cash changes in cash and cash equivalents	61,325	10,000	51,325
Changes in cash and cash equivalents	58,898	10,000	48,898
Cash and cash equivalents on 01/01	208,000	–115,000	323,000
Cash and cash equivalents on 31/12	266,898	–105,000	371,898

Development of financial liabilities from financing activities

in € thousand	Balance on 01/01	Cash-effective change	Non-cash-effective changes: Additions due to business combinations	Non-cash-effective changes: Change in currency exchange rates	Non-cash-effective changes: Other	Balance on 31/12
Year 2020						
Liabilities due to banks	254,052	39,803	–	−10,327	–	283,528
Current bank liabilities	83,997	−2,408	–	−6,071	–	75,518
Non-current loans	170,055	42,211	–	−4,256	–	208,010
Promissory notes	200,000	–	–	–	–	200,000
Lease liabilities	169,968	−48,621	–	−5,486	58,901	174,762
Total financial liabilities from financing activities	624,020	−8,818	–	−15,813	58,901	658,290
Year 2019						
Liabilities due to banks	204,963	47,610	161	1,318	–	254,052
Current bank liabilities	70,615	11,991	106	1,285	–	83,997
Non-current loans	134,348	35,619	55	33	–	170,055
Promissory notes	225,000	−25,000	–	–	–	200,000
Lease liabilities	163,334	−48,114	1,336	1,425	51,987	169,968
Total financial liabilities from financing activities	593,297	−25,504	1,497	2,743	51,987	624,020

(34) Contingent liabilities

No Group companies are involved in ongoing legal or arbitration proceedings that could have a considerable impact on the Group's economic situation, are likely to become involved in such litigation, or had done so within the last two years.

The respective Group companies have accrued provisions sufficient to cover financial burdens potentially resulting from other legal or arbitration proceedings.

As at the balance sheet date, Jungheinrich had issued letters of comfort for joint ventures and associated companies to secure €7,746 thousand in credit lines (previous year: €7,395 thousand). Against the backdrop of the companies' appropriate funding, it was assumed that the underlying obligations would be met; no withdrawals were anticipated.

Provisions of €4,860 thousand were formed in 2019 for expected contingent-liability claims for a joint venture. They related to a letter of comfort issued in the amount of €3,560 thousand and a guarantee for the pro rata fulfilment of future rental payments in the amount of €1,300 thousand. The joint venture was liquidated in 2020. Please see the notes to changes in the scope of consolidation.

(35) Other financial obligations

Purchase commitments for capital expenditure exclusively on property, plant and equipment totalled €12,883 thousand as at the balance sheet date (previous year: €38,266 thousand).

Group companies have entered into leases and service agreements for trucks at their various locations. As at the balance sheet date, payment obligations for the non-lease components of these contracts amounted to €20,676 thousand (previous year: €23,138 thousand).

In addition, the Jungheinrich Group incurred payment obligations totalling €39,239 thousand (previous year: €41,101 thousand) for long-term software use and maintenance contracts and leases for low-value assets as at the balance sheet date.

(36) Risk management and financial instruments

Risk management principles

The Jungheinrich Group's risk management system is designed to enable the company to identify developments in financial price risks – resulting primarily from interest rate and currency risks – early on and react to them via systematic courses of action both rapidly and effectively. Furthermore, it ensures that the Group only concludes financial transactions for which it possesses the necessary expertise and technical preconditions.

Financial markets present the opportunity to transfer risks to other market participants who have a comparative advantage or a higher capacity for accepting risks. The Jungheinrich Group makes use of these opportunities solely to hedge risks arising from underlying operating transactions and to invest or raise liquidity. Group guidelines do not allow the conclusion of financial transactions that are speculative in nature. As a rule, the Jungheinrich Group's financial transactions may only be concluded with banks or leasing companies as contractual partners.

The Board of Management as a whole bears responsibility for the initiation of organisational measures required to limit financial price risks. Jungheinrich has established a risk controlling and risk management system that enables it to identify, measure, monitor and control its risk positions. Risk management encompasses the development and determination of methods to measure risk and performance, monitor established risk limits and set up the associated reporting system.

Jungheinrich controls financial risks arising from its core business centrally as part of the Group strategy. Risks stemming from the Jungheinrich Group's financial services operations are subject to a separate risk management system.

Risks specific to the financial services business are determined by residual value risks, refinancing risks and counterparty credit risks.

A material element of risk management in the financial service business is a contract database based on SAP-ERP and the Global Lease Center (GLC), which is used by smaller sales companies, that allows uniform recording, risk analysis and risk evaluation of financial service agreements throughout the Group.

The contractually agreed residual value guarantees are calculated on the basis of a conservative uniform Group standard for maximum permissible residual values. The guaranteed 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 current fair value is lower than a contract's residual value, a suitable provision for this risk is recognised in the statement of financial position.

Financial service agreements are generally refinanced in accordance with the principle of matching maturities and interest rates for customer and refinancing contracts.

Reference is made to the commentary on credit risks as regards general creditworthiness and contingent loss risks in connection with customers.

Break clauses agreed on in customer contracts are limited by central parameters and linked to risk-minimising performance targets. The earnings risk potentially resulting from break clauses is also covered by accruing suitable provisions.

Market price risks

Market price risks are risks arising from changes in an item's realisable income or value, with the item being defined as an item on the assets or liabilities side of the statement of financial position. These risks result from changes in interest rates, foreign exchange rates, share prices and other items and factors affecting the formation of prices. These parameters are used to determine the interest rate risk, the currency risk and the share price risk exposure of the Jungheinrich Group. There were no noteworthy risk concentrations in the year under review, as was the case in the previous year. A fundamental review and reform of material comparison interest rates is underway worldwide. There is uncertainty surrounding the point in time and the procedure for replacing IBOR (interbank offered rates) interest rates with alternative interest rates. As a result of this uncertainty, material judgements factor into the decision as to whether select hedging relationships that hedge against currency rate fluctuation or interest rate risks from the expected changes to IBOR interest rates can still be accounted for as hedge transactions as of 31 December 2020. The IFRS standards, which have been mandatory since 1 January 2020, regulate that the IBOR reform does not generally lead to the termination of hedging relationships. IBOR will still be used as the reference interest rate on the financial markets and for the measurement of instruments due after the end of IBOR. The Group therefore believes that the reform of the reference rates will not have a material impact on accounting in future reporting periods and that the current market structure supports the continued reporting of these hedges as of 31 December 2020.

In summary, the amendments provide the following relief to Jungheinrich:

- Jungheinrich assumes that the "highly probable" criterion is met even during the reform of the reference rates and that the hedge is prospectively expected to be highly effective.
- No hedging relationships are terminated in the Group during the period of IBOR-related uncertainty simply because retrospective effectiveness is outside the required range.
- Jungheinrich has not reclassified cash flow hedge reserves to the consolidated statement of profit or loss for the period after the reforms take effect.

Interest rate risks

Interest rate risks result from the Group's financing and cash investment activity. Fixed and variable-interest items are regarded separately in order to determine this risk. Net positions are formed from interest-bearing instruments on the assets and liabilities sides and hedges are concluded to cover these net positions, if necessary. Interest rate swaps were used to hedge interest rates in the reporting period.

The Jungheinrich Group's interest rate risks include cash flow risks arising from variable-interest financial instruments for which no interest rate hedges have been concluded. These financial instruments were analysed as follows based on the assumption that the amount of liabilities outstanding at the end of the reporting period was outstanding for the full year.

As at the balance sheet date, the net exposure of variable-interest financial instruments was at €164,185 thousand (previous year: €213,702 thousand). If going interest rates had been 100 basis points higher on 31 December 2020, income would have been €1,049 thousand (previous year: €1,771 thousand) lower. If going interest rates had been 100 basis points lower, income would have been €455 thousand (previous year: €917 thousand) higher.

For interest rate swaps designated as a hedging instrument as at the balance sheet date, such an increase (decrease) in the market interest level would have resulted in a change in fair value of €+7,028 thousand (€–5,341 thousand) recognised in other comprehensive income with no effect on profit or loss.

The risk positions directly affected by the reform of the reference interest rates are the variable-interest liabilities in GBP existing within the framework of the financing of the financial services business via the Group's own financing company Elbe River Capital S.A., Luxembourg. These liabilities are hedged against interest rate risks by means of interest rate swaps. The basis for this is the 1-month LIBOR. As at the balance sheet date, the nominal volume of the hedging instruments used amounted to GBP 52.0 million (previous year: GBP 53.5 million).

It is currently expected that SONIA (Sterling Overnight Index Average) will replace GBP LIBOR. There are significant differences between SONIA and GBP-LIBOR. In order to convert existing contracts and agreements to SONIA, adjustments may need to be made for maturity and credit spreads so that the two reference rates are economically equivalent at transition.

The Corporate Finance division is monitoring the GBP transition plan as part of its activities. This transition project will involve changes to systems, processes, risk and valuation models and dealing with the associated tax and accounting implications. Jungheinrich currently anticipates that the largest impacts will be the change in contractual terms for GBP LIBOR-related variable rate debt instruments and interest rate swaps, and the update of hedging relationships.

With respect to the expected change in fair value of the variable rate debt instrument resulting from the hedged risk, Jungheinrich has made the following assumptions:

- The variable rate debt instrument will transfer to SONIA during 2021 and the spread will be similar to the spread included in the interest rate swap used as the hedging instrument.
- No further changes to the terms of the variable rate debt instrument are expected.
- The reference interest rate of the variable rate liabilities and the reference interest rate used in the interest rate hedge will transfer to SONIA at the same time.

Currency risks

When calculating this risk position, the Jungheinrich Group considers foreign currency inflows and outflows, primarily from revenue and purchases based on fixed and flexible contracts. This risk position reflects the net currency exposure resulting from balancing counteracting cash flows in individual currencies while taking hedges already concluded for the period in question into account. Jungheinrich used currency forwards and currency swaps to manage risks during the reporting period. In accordance with the Jungheinrich Group's risk management principles, a maximum of 75 per cent of the hedged amounts are designated as underlying transactions; these, in turn, can be fully hedged.

The Jungheinrich Group applies the value-at-risk approach to quantify the risk position. The value-at-risk indicates the maximum loss that may not be exceeded before the end of a predetermined holding period with a certain probability (confidence level). Parameters and market volatility, which are used to quantify risk, are calculated based on the standard deviation of logarithmic changes in the last 180 trading days and converted to a one-day holding period with a one-sided confidence level of 95 per cent.

To manage risk, a loss limit for the entire Group is determined based on the company's planning. Furthermore, corresponding lower limits are determined at the individual Group company level. These limits are compared to the current value-at-risk for all open positions as part of monthly reporting.

By applying the value-at-risk method as of 31 December 2020, the maximum risk did not exceed €1,401 thousand (previous year: €1,173 thousand) based on a holding period of one day and a confidence level of 95 per cent. In the reporting period, the value-at-risk was between a minimum of €1,110 thousand (previous year: €1,173 thousand) and a maximum of €2,177 thousand (previous year: €1,766 thousand). The average for the year was €1,748 thousand (previous year: €1,622 thousand).

Additionally, hedging of foreign currency risks takes place in the Jungheinrich Group with matching amounts and identical maturities from intragroup financing via currency swaps.

Share price risks

Jungheinrich has invested €150,000 thousand (previous year: €125,000 thousand) in cash and cash equivalents in a special fund. Shares, stock index funds and share derivatives held in this fund expose the Jungheinrich Group to share price risks. On 31 December 2020, the fund contained a total share exposure of €27,104 thousand (previous year: €27,233 thousand). If the share price level had been 10 per cent higher (lower) on 31 December 2020, this would have led to additional income (losses) in other financial income (expense) of €2,710 thousand (previous year: €2,723 thousand).

The special fund is managed to maintain value in order to limit share price risks. The lower value limit specified for the reporting year was not reached at any time.

Credit risks

Jungheinrich's exposure to credit risks stems almost exclusively from its core business. Trade accounts receivable from operations are constantly monitored by the business units responsible for them. Loss allowances for expected credit losses are recognised in order to offset the credit risks.

The entire business is continuously subjected to creditworthiness checks. Given the overall exposure to credit risks, accounts receivable from major customers are not substantial enough to give rise to extraordinary risk concentrations. Agreements made with customers and measures taken within the scope of risk management that minimise the creditworthiness risk largely consist of agreements on prepayments made by customers, the sharing of risks with financing partners and the permanent monitoring of customers via information portals. In addition, selected operating trade accounts receivable are collateralised by federal government credit insurance and private credit insurance covering 90 per cent of the respective receivable amount. Letters of credit are also used for collateral and generally cover 100 per cent of the receivable amount. There were no significant changes to the quality of the collateral during the reporting periods.

Notwithstanding existing collateral securities, in principle the carrying amounts of the financial assets in the balance sheet represent the maximum credit risk. As at the balance sheet date, there were no major agreements that reduced the maximum credit risk such as offsetting arrangements.

Financial assets measured at fair value through profit or loss had carrying amounts totalling €164,258 thousand (previous year: €130,907 thousand) as at 31 December 2020 in the statement of financial position. The carrying amounts reflect the maximum credit risk of these financial instruments.

Liquidity risks

A liquidity reserve consisting of lines of credit and of cash is kept in order to ensure that the Jungheinrich Group can meet its payment obligations and maintain its financial flexibility at all times. Medium-term credit lines have been granted by the Group's principal banks and are supplemented by short-term credit lines of individual Group companies awarded by local banks.

Counterparty risks

The Group is exposed to counterparty risks that arise from the non-fulfilment of contractual agreements by counterparties. To mitigate these risks, such contracts are only concluded with selected financial institutions, which meet the internal demands placed on the creditworthiness of business partners. The creditworthiness of contractual partners is constantly monitored on the basis of their credit rating, which is determined by reputable rating agencies, as well as on the basis of additional risk indicators. No major risks ensued for Jungheinrich from its dependence on individual counterparties as at the balance sheet date. The fair values of derivative financial instruments are adjusted by the risk values calculated using analytical tools (credit value adjustment/debit value adjustment).

With regard to cash and cash equivalents and investments in securities, the Group monitors changes to the credit risk by tracking published ratings. To determine whether there are material increases in credit risks as at the balance sheet date which are not reflected in published ratings, the Group also monitors price changes for credit default swaps (CDSs) as well as press releases and regulatory information about the issuer. In accordance with Group investment policies, capital expenditure is only made in financial assets if they have an investment grade rating. Impairment losses for expected credit losses are calculated based on the three-level model in IFRS 9. Potential future impairment losses are calculated for all cash and cash equivalents and securities for the expected 12-month credit loss (Level 1). They are reclassified to Level 2 if the credit risk of a financial instrument has increased significantly compared to its initial recognition. Were contractual payments to become more than 30 days overdue, this would not by itself signal a significant increase in the credit risk but would indicate that a significant increase in the credit risk could have occurred. Jungheinrich's risk management system treats a downgrading of the counterparty's external rating below investment grade as a criterion for a significant increase in the credit risk. There were no reclassifications from Level 1 to Level 2 in the 2019 and 2020 financial years.

The general liquidity risk from the financial instruments used, which arises if a counterparty fails to meet its payment obligations or only meets them to a limited extent, is considered to be negligible.

Hedging relationships

The Jungheinrich Group concludes cash flow hedges to secure, among other things, future variable cash flows resulting from revenue and purchases of materials that are partially realised and partially forecasted, but highly probable. Comprehensive documentation ensures the clear assignment of hedges and underlying transactions. A maximum of 75 per cent of the volumes to be hedged are designated as underlying transactions; these, in turn, can be fully hedged.

Furthermore, the variable-interest liabilities existing for the purpose of financing the financial services business via the Group's financing company Elbe River Capital S.A., Luxembourg, are hedged against interest rate risks via interest rate swaps as cash flow hedges.

The hedging ratio for all risk types is generally 1:1.

The effectiveness of hedging relationships is determined in each case at the beginning of the hedging relationship and through regular prospective assessments to ensure that an economic relationship exists between the hedged item and the hedging instrument.

The hedging relationships can prospectively be classified as highly effective. An assessment of the retrospective effectiveness of hedging relationships is conducted at the end of every quarter using the dollar-offset method together with the hypothetical-derivative method.

Hedging can become ineffective if the counterparty's credit risk changes.

Nominal values of derivative financial instruments

Nominal volume of derivative financial instruments

	Nominal volume of hedging instruments for cash flow hedges		Nominal volume of other derivatives	
in € thousand	Currency hedges	Interest hedges	Currency hedges	Other
31/12/2020				
Total nominal volume	139,504	299,562	243,326	41,844
Maturities of up to one year	124,433	87,708	243,326	41,844
Maturities of one to five years	15,071	206,512		
Maturities of more than five years		5,342		
31/12/2019				
Total nominal volume	153,685	296,111	273,205	48,146
Maturities of up to one year	137,187	92,946	273,205	48,146
Maturities of one to five years	16,498	200,619	–	–
Maturities of more than five years	–	2,546	–	–

The nominal values of the currency hedging contracts primarily contain currency forwards that are used to hedge against rolling twelve-month exposure in individual currencies. The main foreign currency items were hedged at the following average rates as at the balance sheet date:

Average hedging rates of material foreign currency items:

	31/12/2020	31/12/2019
EUR/GBP	0.9038	0.8776
EUR/CHF	1.0790	1.0984
EUR/USD	1.1945	1.1191

The nominal values of the interest hedges include interest rate hedges largely concluded to hedge long-term interest rates for variable-interest financing. As at the balance sheet date the average hedging rate was –0.10 per cent (previous year: –0.07 per cent) for interest rate hedges in EUR and 0.23 per cent (previous year: 0.34 per cent) for interest rate hedges in GBP.

Interest hedges: future cash flows that are not discounted

in € thousand	31/12/2020	31/12/2019
Due within one year	–863	–689
Due in one to five years	–1,014	–448
Due in more than five years	3	5
Total future non-discounted cash flows	–1,874	–1,132

The nominal volume of the other derivative financial instruments included listed futures and options in special funds.

The transactions underlying the cash flow hedges are expected to be realised in line with the maturities of the hedges shown in the table.

The fair values of the underlying transactions and hedging instruments are used to measure effectiveness. Hedging measures were not associated with any material ineffectiveness until the balance sheet date.

For the currency forwards from cash flow hedges existing as at the balance sheet date, the change in the fair values of the hedging transactions amounted to €–666 thousand (previous year: €–4,180 thousand). The change in the fair values of the underlying transactions amounted to €667 thousand (previous year: €4,179 thousand).

For the interest rate hedging contracts existing as at the balance sheet date, the change in the fair values of the hedging transactions as at the balance sheet date was €–1,890 thousand (previous year: €–1,210 thousand). The change in the fair values of the underlying transactions amounted to €1,890 thousand (previous year: €1,210 thousand).

Fair values of derivative financial instruments

The fair value of a derivative financial instrument is the price at which the instrument could have been sold on the market as at the balance sheet date. Fair values were calculated on the basis of market-related information available as at the balance sheet date and on the basis of measurement methods stated in note (32) page 124 that are based on specific prices. In view of the varying influencing factors, the values stated here may differ from the values realised later on the market.

Fair values of derivative financial instruments

in € thousand	31/12/2020	31/12/2019
Derivative financial assets	2,517	940
Derivatives with a hedging relationship	397	206
Currency forwards/currency swaps	385	10
Interest rate swaps	12	196
Derivatives without a hedging relationship	2,120	734
Currency forwards/currency swaps	1,620	537
Futures	500	197
Derivative financial liabilities	6,111	10,804
Derivatives with a hedging relationship	3,005	5,742
Currency forwards/currency swaps	1,010	4,227
Interest rate swaps	1,995	1,515
Derivatives without a hedging relationship	3,106	5,062
Currency forwards/currency swaps	3,072	4,780
Futures	34	282

Offsetting of derivative financial instruments

The Group concludes derivative transactions according to a German framework agreement and similar national framework agreements. These agreements do not fulfil the criteria for offsetting to take place in the consolidated statement of financial position, since they only grant the right to offsetting if future events occur, such as the default or insolvency of the Group or the counterparty. All currency and interest rate hedging contracts belonging to the Jungheinrich Group fall under existing global netting agreements, meaning that, taking into account the counterparty structure, the offsetting potential as of 31 December 2020 would amount to €1,694 thousand (previous year: €708 thousand).

As at the balance sheet date, the gross value of derivative financial assets from currency and interest rate hedging contracts amounted to €2,017 thousand (previous year: €742 thousand) and the gross amount of derivative financial liabilities from currency and interest rate hedging contracts was €6,077 thousand (previous year: €10,522 thousand). After netting, this would result in receivables in the amount of €323 thousand (previous year: €34 thousand) and liabilities in the amount of €4,383 thousand (previous year: €9,814 thousand).

(37) Segment information

The Jungheinrich Group operates on an international level – with a main focus on Europe – as an intralogistics solutions provider with an extensive portfolio of material handling equipment, automatic systems and services. 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.

The Board of Management of Jungheinrich AG acts and makes decisions with overall responsibility for all the Group's business areas. Jungheinrich's business model is designed to serve customers from a single source over a product's entire life cycle.

Segment reporting is in line with the internal organisational and reporting structure, thus encompassing the reportable segments "Intralogistics" and "Financial Services".

The "Intralogistics" segment encompasses the development, production, sale and short-term rental of new material handling equipment and warehousing equipment products including automatic systems as well as the sale and short-term leasing of used trucks and after-sales services, consisting of maintenance, repair and spare parts.

Activities undertaken by the "Financial Services" segment encompass the sales financing and usage transfer of material handling equipment and warehousing equipment products. In line with Jungheinrich's business model, this independent business area supports the operating sales units of the "Intralogistics" segment. In this context, the "Financial Services" segment finances itself autonomously.

Segment information is generally subject to the disclosure and measurement methods applied in the consolidated financial statements. Business segments were not aggregated.

The segment income (expense) is presented as earnings before interest and taxes (EBIT). The reconciliation of consolidated earnings before taxes is an integral part of the presentation. Earnings generated by the "Intralogistics" segment include all of the pro rata earnings for the year of companies accounted for using the equity method, amounting to €981 thousand (previous year: €1,349 thousand). Income tax expense is not included in the presentation since it is not reported or managed by segment at Jungheinrich. Income tax expense is therefore only stated as a summarised item at the Group level. Accordingly, profit or loss is only stated for the Jungheinrich Group.

Capital expenditure, depreciation and amortisation and impairment losses concern property, plant and equipment and intangible assets, excluding capitalised development expenditure and excluding capitalised usage rights on property, plant and equipment. Segment assets and segment liabilities encompass all assets and liabilities allocable to the segment in question. All items on the statement of financial position relating to effective and deferred income tax expense are therefore also included.

The reconciliation items include exclusively the intragroup revenue, interest and intragroup profits as well as receivables and liabilities that must be eliminated within the scope of consolidation.

Segment information for 2020

in € thousand	Intralogistics	Financial services	Segment total	Reconciliation	Jungheinrich Group
External revenue	2,861,853	946,821	3,808,674	–	3,808,674
Intersegment revenue	948,676	174,525	1,123,201	–1,123,201	–
Total revenue	3,810,529	1,121,346	4,931,875	–1,123,201	3,808,674
Segment income (expense) (EBIT)	185,376	9,285	194,661	23,483	218,144
Interest income	2,663	68	2,731	–1,280	1,451
Interest expenses	13,520	1,294	14,814	–1,280	13,534
Other financial income (expense)	–6,514	–1	–6,515	–	–6,515
Earnings before taxes (EBT)	**168,005**	**8,058**	**176,063**	**23,483**	**199,546**
Income tax expense					48,778
Profit or loss					**150,768**
Non-current assets					
Capital expenditure	75,450	38	75,488	–	75,488
Depreciation and amortisation	77,836	269	78,105	–	78,105
Impairment losses	29,490	563	30,053	–	30,053
Intangible assets and property, plant and equipment	842,457	1,200	843,657	–	843,657
Trucks for short-term rental	288,895	–	288,895	–	288,895
Trucks for lease from financial services	–	640,926	640,926	–125,047	515,879
Receivables from financial services	–	1,326,981	1,326,981	–	1,326,981
Cash and cash equivalents and securities	957,068	23,994	981,062	–	981,062
Other assets	1,615,505	294,501	1,910,006	–455,067	1,454,939
Assets 31/12	**3,703,925**	**2,287,602**	**5,991,527**	**–580,114**	**5,411,413**
Shareholders' equity 31/12	1,682,356	73,447	1,755,803	–209,274	1,546,529
Provisions for pensions	240,056	104	240,160	–	240,160
Financial liabilities	783,002	4,351	787,353	–	787,353
Liabilities from financial services	–	1,802,929	1,802,929	–	1,802,929
Other liabilities	998,511	406,771	1,405,282	–370,840	1,034,442
Liabilities 31/12	2,021,569	2,214,155	4,235,724	–370,840	3,864,884
Shareholders' equity and liabilities 31/12	**3,703,925**	**2,287,602**	**5,991,527**	**–580,114**	**5,411,413**

Segment information for 2019

in € thousand	Intralogistics	Financial services	Segment total	Reconciliation	Jungheinrich Group
External revenue	3,077,073	995,921	4,072,994	–	4,072,994
Intersegment revenue	1,088,318	170,846	1,259,164	–1,259,164	–
Total revenue	4,165,391	1,166,767	5,332,158	–1,259,164	4,072,994
Segment income (expense) (EBIT)	254,322	8,993	263,315	–746	262,569
Interest income	2,172	108	2,280	–1,330	950
Interest expenses	14,784	1,275	16,059	–1,330	14,729
Other financial income (expense)	–6,948	–3	–6,951	–	–6,951
Earnings before taxes (EBT)	**234,762**	**7,823**	**242,585**	**–746**	**241,839**
Income tax expense					65,062
Profit or loss					**176,776**
Non-current assets					
Capital expenditure	156,784	25	156,809	–	156,809
Depreciation and amortisation	73,837	270	74,107	–	74,107
Impairment losses	4,659	–	4,659	–	4,659
Intangible assets and property, plant and equipment	903,456	2,028	905,484	–	905,484
Trucks for short-term rental	352,575	–	352,575	–	352,575
Trucks for lease from financial services	–	684,176	684,176	–126,119	558,057
Receivables from financial services	–	1,259,940	1,259,940	–	1,259,940
Cash and cash equivalents and securities	562,280	33,241	595,521	–	595,521
Other assets	1,763,950	287,355	2,051,305	–491,965	1,559,340
Assets 31/12	**3,582,261**	**2,266,740**	**5,849,001**	**–618,084**	**5,230,917**
Shareholders' equity 31/12	1,649,676	66,460	1,716,136	–227,872	1,488,264
Provisions for pensions	239,552	99	239,651	–	239,651
Financial liabilities	765,818	1,773	767,591	–	767,591
Liabilities from financial services	–	1,759,993	1,759,993	–	1,759,993
Other liabilities	927,215	438,415	1,365,630	–390,212	975,418
Liabilities 31/12	1,932,585	2,200,280	4,132,865	–390,212	3,742,653
Shareholders' equity and liabilities 31/12	**3,582,261**	**2,266,740**	**5,849,001**	**–618,084**	**5,230,917**

Alongside the depreciation of property, plant and equipment and trucks for short-term rental, the main non-cash items stated as part of "Intralogistics" segment income are changes in provisions for pensions and provisions for personnel with an effect on profit or loss.

In 2020, the "Intralogistics" segment income also included write-downs of €10,114 thousand (previous year: €1,819 thousand) which resulted from the identified impairment losses of goodwill. In addition, impairment was recognised in connection with capitalised development expenses amounting to €21,541 thousand (previous year: €21,744 thousand), for acquired intangible assets in the amount of €16,473 thousand (previous year: €– thousand), for property, plant and equipment in the amount of €2,903 thousand (previous year: €2,840 thousand) as well as trucks for short-term rental in the amount of €3,938 thousand (previous year: €– thousand).

The following tables report revenue by recipient region and show non-current assets affecting intangible assets and property, plant and equipment, broken down by region.

Revenue by region

in € thousand	**2020**	2019
Germany	916,486	966,077
Italy	412,493	419,830
France	329,368	378,226
United Kingdom	220,584	265,237
Other Europe	1,438,471	1,498,627
Other countries	491,272	544,997
	3,808,674	**4,072,994**

Non-current assets by region

in € thousand	**31/12/2020**	31/12/2019
Germany	503,437	531,768
Other Europe	247,165	245,006
Other countries	66,041	93,894
Consolidation	27,014	34,816
	843,657	**905,484**

There were no relationships with individual external customers accounting for a material share of revenue with respect to Group revenue in the 2020 and 2019 financial years.

(38) Earnings per share

The calculations are based on profit or loss attributable to shareholders of Jungheinrich AG, as reported in the consolidated statement of profit or loss.

Earnings per share

		2020	2019
Profit or loss[1]	in € thousand	151,277	177,055
Shares outstanding[2]			
Ordinary shares	in thousand units	54,000	54,000
Preferred shares	in thousand units	48,000	48,000
Earnings per share (diluted/undiluted)			
Earnings per ordinary share	in €	**1.47**	**1.73**
Earnings per preferred share	in €	**1.49**	**1.75**

1 Attributable to the shareholders of Jungheinrich AG.
2 Weighted average.

In the 2020 and 2019 financial years, no equity instruments diluted the earnings per share on the basis of the respective shares issued.

(39) Events after the close of the 2020 financial year

On 22 February 2021, Jungheinrich Profile GmbH, Hamburg, in which Jungheinrich AG, Hamburg, held 100 per cent of shares at that point, acquired by notarial deed and subject to the condition precedent of fusion control approval the portion of the assets of the insolvent Hoesch Schwerter Profile GmbH, Schwerte, that is allocated to the rolling mill operation. At the same time, the company signed a long-term land-use agreement for the rolling mill property with the new owner of this property, the city of Schwerte.

Along with fusion control approval, the KION GROUP AG, Frankfurt, will acquire half of the shares in Jungheinrich Profile GmbH, making this company a joint venture between Jungheinrich AG and KION GROUP AG.

(40) Fees for the auditor of the consolidated financial statements

Details on the fees charged by the auditor of the consolidated financial statements, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Hamburg, for the year under review are presented in the following table.

Fees charged by the auditor

in € thousand	2020
Audit services	596
Other assurance services	–
Tax services	47
Other services	30
Total	673

The other services provided in the reporting year were attributable to audit-related consulting and a quick check of the risk management system.

(41) Related party disclosures

Jungheinrich AG's major ordinary shareholders are LJH-Holding GmbH, Wohltorf, and WJH-Holding GmbH, Aumühle.

In addition to the subsidiaries included in the consolidated financial statements, Jungheinrich has business relationships with joint ventures, associated companies and affiliated, non-consolidated companies. All the relationships with these companies are the result of normal business activities and are conducted on arm's length terms. The transactions with non-consolidated affiliated companies were of minor amounts.

The volume of trade between fully consolidated companies of the Jungheinrich Group and joint ventures and associated companies are presented in the following table.

Business relations with joint ventures and associated companies

	Products and services provided		Products and services received		Trade accounts receivable from		Trade accounts payable to	
in € thousand	**2020**	2019	**2020**	2019	**31/12/2020**	31/12/2019	**31/12/2020**	31/12/2019
JULI Motorenwerk s.r.o., Czech Republic[1]	35	–	53,069	50,284	–	–	3,904	3,512
Jungheinrich Heli Industrial Truck Rental (China) Co., Ltd., China[1]	20,468	14,054	1,477	3,163	7,059	3,603	–	–
Other joint ventures	1,624	1,113	1,997	1,551	21	53	268	59
Joint ventures	22,127	15,167	56,543	54,998	7,080	3,656	4,172	3,571
Cebalog GmbH, Germany	243	–	65,972	60,463	1	–	14,238	3,087
Associated companies	243	–	65,972	60,463	1	–	14,238	3,087

1 Including subsidiaries.

On 31 December 2020, other liabilities from financing vis-à-vis Malikon GmbH, Eslarn (Germany) amounted to €88 thousand (previous year: €88 thousand).

On 31 December 2020, other liabilities from financing vis-à-vis Supralift GmbH & Co. KG, Hofheim am Taunus (Germany) amounted to €60 thousand (previous year: €60 thousand).

Contingent liabilities of the Jungheinrich Group from letters of comfort issued for joint ventures and associated companies as at the balance sheet date are presented in note (34) page 130.

Members of the Board of Management or the Supervisory Board of Jungheinrich AG are members of supervisory boards or comparable committees of other companies with which Jungheinrich AG has relationships as part of its operating activities. All transactions with these companies are conducted on arm's length terms.

Information about the remuneration of the Supervisory Board and Board of Management can be found in note (42) page 143.

(42) Total remuneration of the Board of Management and the Supervisory Board

Regarding the basis for remuneration, please refer to the Board of Management remuneration report in the combined management report for the 2020 financial year page 61.

	Board of Management		Supervisory Board	
in € thousand	**2020**	2019	**2020**	2019
Short-term benefits due	5,321	6,520	771	1,030
Post-employment benefits	513	525	–	–
Other long-term benefits due	2,331	1,390	–	–
Total	8,165	8,435	771	1,030

Post-employment benefits include the current service cost resulting from the defined benefit obligations to the members of the Board of Management.

Remuneration of the Board of Management itemised by member, divided according to basic and performance-related components in accordance with Section 314, Paragraph 1, Item 6a, Sentences 5 to 8 of the German Commercial Code (HGB) has not been disclosed because the Annual General Meeting on 24 May 2016 passed a resolution to this effect for a period of five years.

Total remuneration of the members of the Board of Management pursuant to Section 315e HGB in connection with Section 314 Paragraph 1 Item 6a Sentence 1 HGB amounted to €7,652 thousand in 2020 (previous year: €7,910 thousand).

No advances or loans to members of the Board of Management or the Supervisory Board of Jungheinrich AG existed on 31 December 2020, as in previous years.

Emoluments of former members of the Board of Management amounted to €851 thousand (previous year: €793 thousand).

As at 31 December 2020, Jungheinrich AG had accrued a €16,926 thousand (previous year: €15,105 thousand) provision for pensions for former members of the Board of Management.

(43) List of equity stakes held by Jungheinrich AG, Hamburg, in accordance with Section 313, Paragraph 2 of the German Commercial Code (HGB)

As of 31 December 2020, the following companies were included in the consolidated financial statements of Jungheinrich AG, Hamburg, by way of full consolidation:

Company name	Domicile, country	Share of voting rights and capital in %
Jungheinrich Vertrieb Deutschland AG & Co. KG	Hamburg, Germany	100.0
Jungheinrich Norderstedt AG & Co. KG	Hamburg, Germany	100.0
Jungheinrich Export AG & Co. KG	Hamburg, Germany	100.0
Jungheinrich Service & Parts AG & Co. KG	Hamburg, Germany	100.0
Jungheinrich Beteiligungs-GmbH	Hamburg, Germany	100.0
Jungheinrich Moosburg AG & Co. KG	Moosburg, Germany	100.0
Jungheinrich Degernpoint AG & Co. KG	Moosburg, Germany	100.0
Jungheinrich Logistiksysteme GmbH	Moosburg, Germany	100.0
Jungheinrich Projektlösungen AG & Co. KG	Offenbach am Main, Germany	100.0
Jungheinrich Digital Solutions AG & Co. KG	Hamburg, Germany	100.0
Jungheinrich Landsberg AG & Co. KG	Landsberg/Saalekreis, Germany	100.0
Jungheinrich Financial Services AG & Co. KG	Hamburg, Germany	100.0
Jungheinrich Rental International AG & Co. KG	Hamburg, Germany	100.0
Jungheinrich Financial Services International GmbH	Hamburg, Germany	100.0
Elbe River Capital S.A.	Luxembourg, Luxembourg	100.0
Hemmdal GmbH	Hamburg, Germany	100.0
ISI Automation GmbH & Co. KG	Extertal, Germany	70.0[2]
Jungheinrich PROFISHOP AG & Co. KG	Hamburg, Germany	100.0
Jungheinrich Profishop GmbH	Vienna, Austria	100.0
Jungheinrich PROFISHOP AG	Hirschthal, Switzerland	100.0
Gebrauchtgeräte-Zentrum Dresden AG & Co. KG	Klipphausen/Dresden, Germany	100.0
Jungheinrich Finances Holding SAS	Vélizy-Villacoublay, France	100.0
Jungheinrich France SAS	Vélizy-Villacoublay, France	100.0
Jungheinrich Finance France SAS	Vélizy-Villacoublay, France	100.0
Jungheinrich Financial Services SAS	Vélizy-Villacoublay, France	100.0
Jungheinrich UK Holdings Ltd.	Milton Keynes, UK	100.0
Jungheinrich UK Ltd.	Milton Keynes, UK	100.0
Jungheinrich Lift Truck Finance Ltd.	Milton Keynes, UK	100.0
Jungheinrich Financial Services Ltd.	Milton Keynes, UK	100.0
Jungheinrich Italiana S.r.l.	Rosate/Milan, Italy	100.0
Jungheinrich Rental S.r.l.	Rosate/Milan, Italy	100.0
Jungheinrich Fleet Services S.r.l.	Rosate/Milan, Italy	100.0
Jungheinrich de España S.A.U.	Abrera/Barcelona, Spain	100.0
Jungheinrich Rental S.L.	Abrera/Barcelona, Spain	100.0
Jungheinrich Fleet Services S.L.	Abrera/Barcelona, Spain	100.0
Jungheinrich Nederland B.V.	Alphen a. d. Rijn, Netherlands	100.0
Jungheinrich Finance B.V.	Alphen a. d. Rijn, Netherlands	100.0
Jungheinrich Financial Services B.V.	Alphen a. d. Rijn, Netherlands	100.0

Company name	Domicile, country	Share of voting rights and capital in %
Jungheinrich AG	Hirschthal, Switzerland	100.0
Jungheinrich n.v./s.a.	Leuven, Belgium	100.0
Jungheinrich Austria Vertriebsges. m.b.H.	Vienna, Austria	100.0
Jungheinrich Fleet Services GmbH	Vienna, Austria	100.0
Jungheinrich Polska Sp. z o.o.	Ozarow Mazowiecki/Warsaw, Poland	100.0
Jungheinrich Norge AS	Oslo, Norway	100.0
Jungheinrich (ČR) s.r.o.	Ricany/Prague, Czech Republic	100.0
Jungheinrich Svenska AB	Arlöv, Sweden	100.0
Jungheinrich Hungária Kft.	Biatorbágy/Budapest, Hungary	100.0
Jungheinrich Danmark A/S	Tåstrup, Denmark	100.0
Jungheinrich d.o.o.	Kamnik, Slovenia	100.0
Jungheinrich Portugal Equipamentos de Transporte, Lda.	Rio de Mouro/Lisbon, Portugal	100.0
Jungheinrich Lift Truck Ltd.	Maynooth, Co. Kildare, Ireland	100.0
Jungheinrich Hellas EPE	Acharnes/Athens, Greece	100.0
Jungheinrich Istif Makinalari San. ve Tic. Ltd. Sti.	Alemdag/Istanbul, Turkey	100.0
Jungheinrich spol. s.r.o.	Senec, Slovakia	100.0
Jungheinrich Lift Truck Singapore Pte Ltd.	Singapore, Singapore	100.0
Jungheinrich Lift Truck Malaysia Sdn. Bhd.	Shah Alam/Kuala Lumpur, Malaysia	100.0
Jungheinrich Lift Truck Comercio de Empilhadeiras Ltda.	Itupeva-SP, Brazil	100.0
Jungheinrich Lift Truck OOO	Moscow, Russia	100.0
Jungheinrich Parts OOO	Moscow, Russia	100.0
Jungheinrich Lift Truck TOV	Kiev, Ukraine	100.0
Jungheinrich Lift Truck SIA	Riga, Latvia	100.0
Jungheinrich Lift Truck UAB	Vilnius, Lithuania	100.0
Jungheinrich Lift Truck Oy	Kerava, Finland	100.0
Jungheinrich (Shanghai) Management Co., Ltd.	Shanghai, China	100.0
Jungheinrich Lift Truck (Shanghai) Co., Ltd.	Shanghai, China	100.0
Jungheinrich Lift Truck Manufacturing (Shanghai) Co., Ltd.	Qingpu/Shanghai, China	100.0
Jungheinrich Lift Truck Ltd.	Samuthprakarn/Bangkok, Thailand	100.0
Jungheinrich Lift Truck India Private Ltd.	Mumbai, India	100.0

Company name	Domicile, country	Share of voting rights and capital in %
Jungheinrich Lift Truck Corporation	Houston/Texas, USA	100.0
Jungheinrich Systemlösungen GmbH	Graz, Austria	100.0
Jungheinrich South Africa (Pty) Ltd	Edenvale/Johannesburg, South Africa	100.0
Jungheinrich Romania S.R.L.	Tătărani, Romania	100.0
Jungheinrich Reconditionare Romania S.R.L.	Tătărani, Romania	100.0
Jungheinrich Rentalift SpA	Pudahuel/Santiago de Chile, Chile	100.0
Jungheinrich Colombia SAS	Mosquera/Bogotá, Colombia	100.0
Jungheinrich Ecuador S.A.	Guayaquil, Ecuador	100.0
Jungheinrich Perú S.A.C.	Lurín/Lima, Peru	100.0
Jungheinrich doo	Novi Banovci, Serbia	100.0
MIAS Maschinenbau, Industrieanlagen & Service GmbH	Munich, Germany	100.0
MIAS Hungary Kft.	Gyöngyös, Hungary	100.0
MIAS Holding Inc.	Charlotte/North Carolina, USA	100.0
MIAS Property LLC	Charlotte/North Carolina, USA	100.0
MIAS Inc.	Charlotte/North Carolina, USA	100.0
MIAS Asia Holding Pte. Ltd.	Singapore, Singapore	100.0
MIAS Materials Handling (Kunshan) Co., Ltd.	Kunshan, China	100.0
MIAS Australia Pty Ltd.	Narrabeen/Sydney, Australia	100.0
Jungheinrich Australia Holdings Pty Ltd.	Adelaide, Australia	100.0
Jungheinrich Australia (formerly: NTP) Ltd.	Adelaide, Australia	100.0[1]
Jungheinrich Fleet Services (formerly: NTP Fleet Management) Pty Ltd.	Adelaide, Australia	100.0[1]
JT Energy Systems GmbH	Freiberg, Germany	70.0
JT mopro GmbH	Glauchau, Germany	70.0
JT lipro GmbH	Freiberg, Germany	70.0
Universal-FORMICA-Fonds[3]	Frankfurt am Main, Germany	0.0

1 10.0 per cent of the shares are held indirectly via a trust.
2 Due to an existing opposite put/call option for the tender right or acquisition on the remaining 30.0 per cent of shares, 100.0 per cent of the shares are economically attributable to Jungheinrich AG for consolidation purposes.
3 Included as a structured entity in accordance with IFRS 10.

As of 31 December 2020, the following joint ventures were included in the consolidated financial statements of Jungheinrich AG, Hamburg, using the equity method:

Name	Domicile, country	Share of voting rights and capital in %
JULI Motorenwerk s.r.o.	Moravany, Czech Republic	50.0
Supralift GmbH & Co. KG	Hofheim am Taunus, Germany	50.0
Fujian JULI Motor Co., Ltd.	Putian, China	50.0
Jungheinrich Heli Industrial Truck Rental (China) Co., Ltd.	Shanghai, China	50.0
Jungheinrich Heli Industrial Truck Rental (Shanghai) Co., Ltd.	Shanghai, China	45.5
Jungheinrich Heli Industrial Truck Rental (Changzhou) Co., Ltd.	Changzhou, China	45.5
Jungheinrich Heli Industrial Truck Rental (Guangzhou) Co., Ltd.	Guangzhou, China	45.5
Jungheinrich Heli Industrial Truck Rental (Tianjin) Co., Ltd.	Tianjin, China	45.5
Malikon GmbH	Eslarn, Germany	50.0
MCJ Supply Chain Solutions LLC	Houston/Texas, USA	50.0
TREX.PARTS GmbH & Co. KG	Sittensen, Germany	50.0

As of 31 December 2020, the following associated companies were included in the consolidated financial statements of Jungheinrich AG, Hamburg, using the equity method:

Name	Domicile, country	Share of voting rights and capital in %
Cebalog GmbH	Pyrbaum, Germany	40.0

As of 31 December 2020, the following companies were included in the consolidated financial statements of Jungheinrich AG, Hamburg at fair value:

Name	Domicile, country	Share of voting rights and capital in %
Jungheinrich Polska Produkcja Sp.z.o.o.[1]	Bronisze, Poland	100.0
Irapol Sp. z o.o.[1]	Łódź, Poland	100.0
Jungheinrich Digital Solutions s.l.[1]	Madrid, Spain	100.0
Jungheinrich Katalog Verwaltungs-GmbH[1]	Hamburg, Germany	100.0
Gebrauchtgeräte-Zentrum Dresden Verwaltungs-GmbH[1]	Klipphausen/Dresden, Germany	100.0
The Jungheinrich Australia (formerly: NTP Unit) Trust[1]	Adelaide, Australia	100.0
Jungheinrich Latinoamérica y Caribe Ltda.[1]	Pudahuel/Santiago de Chile, Chile	100.0
Jungheinrich Lift Truck Middle East (FZE)[1]	Sharjah, UAE	100.0
Multiton MIC Corporation[1]	Richmond/Virginia, USA	100.0
Jungheinrich Unterstützungskasse GmbH[1]	Hamburg, Germany	100.0
FORTAL Administracào e Participacoes S.A.[1]	Rio de Janeiro, Brazil	100.0
Boss Manufacturing Ltd.[1]	Leighton Buzzard, UK	100.0
Jungheinrich Profile GmbH[1]	Hamburg, Germany	100.0
ISI Verwaltungs GmbH[1, 2]	Extertal, Germany	70.0
Supralift Beteiligungs- und Kommunikations-Gesellschaft mbH[1]	Hofheim am Taunus, Germany	50.0
TREX.PARTS Management GmbH[1]	Sittensen, Germany	50.0
Magazino GmbH	Munich, Germany	18.2

1 Not consolidated due to its subordinate importance.
2 Due to an existing opposite put/call option for the tender right or acquisition on the remaining 30.0 per cent of shares, 100.0 per cent of the shares are economically attributable to Jungheinrich AG for consolidation purposes.

(44) Application of Section 264, Paragraph 3, and Section 264b of the German Commercial Code (HGB)

The following domestic subsidiaries included in the consolidated financial statements of Jungheinrich AG made use of the waiver pursuant to Section 264, Paragraph 3, and Section 264b of the German Commercial Code (HGB) to a certain extent:

- Jungheinrich Vertrieb Deutschland AG & Co. KG, Hamburg
- Jungheinrich Norderstedt AG & Co. KG, Hamburg
- Jungheinrich Export AG & Co. KG, Hamburg
- Jungheinrich Service & Parts AG & Co. KG, Hamburg
- Jungheinrich Moosburg AG & Co. KG, Moosburg
- Jungheinrich Degernpoint AG & Co. KG, Moosburg
- Jungheinrich Projektlösungen AG & Co. KG, Offenbach am Main
- Jungheinrich Digital Solutions AG & Co. KG, Hamburg
- Jungheinrich Landsberg AG & Co. KG, Landsberg/Saalekreis
- Jungheinrich Rental International AG & Co. KG, Hamburg
- Jungheinrich Financial Services AG & Co. KG, Hamburg
- Jungheinrich PROFISHOP AG & Co. KG, Hamburg
- Gebrauchtgeräte-Zentrum Dresden AG & Co. KG, Klipphausen/Dresden
- Jungheinrich Beteiligungs-GmbH, Hamburg
- Jungheinrich Financial Services International GmbH, Hamburg
- Jungheinrich Logistiksysteme GmbH, Moosburg
- ISI Automation GmbH & Co. KG, Extertal

(45) Issuance of the declaration regarding the German Corporate Governance Code in accordance with Section 161 of the German Stock Corporation Act (AktG)

In December 2020, the Board of Management and the Supervisory Board issued a declaration of compliance in accordance with Section 161 of the German Stock Corporation Act (AktG) and made it permanently and publicly accessible on the website of Jungheinrich Aktiengesellschaft.

Hamburg, 5 March 2021

Jungheinrich Aktiengesellschaft
The Board of Management

Dr Lars Brzoska

Christian Erlach

Dr Volker Hues

Sabine Neuß

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidatedfinancial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the combined management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Hamburg, 5 March 2021

Jungheinrich Aktiengesellschaft
The Board of Management

Dr Lars Brzoska | Christian Erlach | Dr Volker Hues | Sabine Neuß

INDEPENDENT AUDITOR'S REPORT

The auditor's report reproduced below also includes a 'Note on the auditing of the electronic reproductions of the financial statements and the management report in accordance with Section 317 (3b) of the German Commercial Code (HGB)' ('ESEF report'). The audit subject underlying the ESEF report (ESEF documentation to be audited) is not enclosed. The audited ESEF documentation can be viewed in or downloaded from the German Federal Gazette.

To Jungheinrich Aktiengesellschaft, Hamburg

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

Audit Opinions

We have audited the consolidated financial statements of Jungheinrich Aktiengesellschaft, Hamburg, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of comprehensive income, consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Jungheinrich Aktiengesellschaft, which is combined with the Company's management report, for the financial year from 1 January to 31 December 2020. In accordance with the German legal requirements, we have not audited the content of those parts of the group management report listed in the „Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2020, and of its financial performance for the financial year from 1 January to 31 December 2020, and

- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of those parts of the group management report listed in the „Other Information" section of our auditor's report.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as „EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the „Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

❶ Recoverability of goodwill

❷ Recoverability of intangible assets, property, plant and equipment and trucks for short-term rental

❸ Accounting of lessor contracts in the sales area

Our presentation of these key audit matters has been structured in each case as follows:

① Matter and issue

② Audit approach and findings

③ Reference to further information

Hereinafter we present the key audit matters:

❶ Recoverability of goodwill

① In the Company's consolidated financial statements goodwill amounting in total to EUR 28,785k (0.5 % of total assets or 1.9 % of equity) is reported under the „Intangible assets" balance sheet item. Goodwill is tested for impairment by the Company once a year or when there are indications of impairment to determine any possible need for write-downs. The impairment test is carried out at the level of the cash-generating units to which the relevant goodwill is allocated. The carrying amount of the relevant cash-generating units, including goodwill, is compared with the corresponding recoverable amount in the context of the impairment test. The recoverable amount is generally determined using the value in use. The present value of the future cash flows from the respective cash-generating units normally serves as the basis of valuation. Present values are calculated using discounted cash flow models. For this purpose, the adopted medium-term business plan of the Group forms the starting point which is extrapolated based on assumptions about long-term rates of growth. Expectations relating to future market developments and assumptions about the development of macroeconomic factors as well as the expected effects of the ongoing Corona crisis on the business activities of the Group are also taken into account. The discount rate used is the weighted average cost of capital for the respective cash-generating units. The impairment test determined that even after taking into account the fair value less costs of disposal, it was necessary to recognize write-downs amounting to a total of EUR 10,114k with respect to the cash-generating units Romania, Peru, Colombia, Ecuador and Serbia.

The outcome of this valuation is dependent to a large extent on the estimates made by the executive directors with respect to the future cash inflows from the respective cash-generating units, the discount rate used, the rate of growth and other assumptions, and is therefore, also against the background of the effects of the Corona crisis, subject to considerable uncertainty. Against this background and due to the complex nature of the valuation, this matter was of particular significance in the context of our audit.

② As part of our audit, we assessed the methodology used for the purposes of performing the impairment test, among other things. After matching the future cash inflows used for the calculation against the adopted medium-term business plan of the Group, we assessed the appropriateness of the calculation, in particular by reconciling it with general and sector-specific market expectations. In this connection, we also evaluated the assessment of the executive directors regarding the effects of the Corona crisis on the business activities of the Group and examined how they were taken into account in determining the future cash flows. In addition, we assessed the appropriate consideration of the costs of Group functions. In the knowledge that even relatively small changes in the discount rate applied can have a material impact on the value of the entity calculated in this way, we focused our testing in particular on the parameters used to determine the discount rate applied, and assessed the calculation model. In order to reflect the uncertainty inherent in the projections, we evaluated the sensitivity analyses performed by the Company.

Overall, the valuation parameters and assumptions used by the executive directors are in line with our expectations and are also within the ranges considered by us to be reasonable.

③ The Company's disclosures on goodwill are contained in number 12 of the notes to the consolidated financial statements.

❷ Recoverability of intangible assets, property, plant and equipment and trucks for short-term rental

① In the Company's consolidated financial statements, an amount in total to EUR 1,132,552k is reported under the balance sheet items „Intangible assets", „Property, plant and equipment", and „trucks for short-term rental". The recoverability of intangible assets, property, plant and equipment, and trucks for short-term rental was assessed as of the balance sheet date by means of impairment tests in accordance with IAS 36. The present value of the future cash flows from the respective cash-generating units normally serves as the basis of valuation. Present values are calculated using discounted cash flow models. For this purpose, the adopted medium-term business plan of the Group forms the starting point which is extrapolated based on assumptions about, for example, long-term growth rates to reflect a sustainable situation (so-called „perpetual annuity"). Expectations relating to future market developments and assumptions about the development of macroeconomic factors as well as the expected effects of the ongoing Corona crisis on the business activities of the Group are also taken into account. The discount rate used is the weighted average cost of capital for the respective cash-generating units. The impairment test determined that even after taking into account the fair value less costs of disposal, it was necessary to recognize write-downs amounting to a total of EUR 16,435k with respect to the cash-generating units Australia, Peru, Chile, Romania, Ecuador and Malaysia.

The outcome of this valuation is dependent to a large extent on the estimates made by the executive directors with respect to the future cash inflows from the respective cash-generating units, the discount rate used, the rate of growth and other assumptions, and is therefore, also against the background of the effects of the Corona crisis, subject to considerable uncertainty. Against this background and due to the complexity of the methodological requirements, this matter was of particular significance in the context of our audit.

② As part of our audit, we assessed the methodology used for the purposes of performing the impairment test and the determination of the weighted average costs of capital, among other things. After matching the future cash inflows used for the calculation against the adopted medium-term business plan of the Group, we assessed the appropriateness of the calculation, in particular by reconciling it with general and sector-specific market expectations. In this connection, we also evaluated the assessment of the executive directors regarding the effects of the Corona crisis on the business activities of the Group and examined how they were taken into account in determining the future cash flows. In addition, we assessed the appropriate consideration of the costs of Group functions in the impairment tests of the respective cash-generating units. In the knowledge that even relatively small changes in the discount rate applied can have a material impact on the value of the entity calculated in this way, we focused our testing in particular on the parameters used to determine the discount rate and growth rates applied, and assessed the calculation model. Overall, the valuation parameters and assumptions used by the executive directors are in line with our expectations and are also within the ranges considered by us to be reasonable.

③ The Company's disclosures on intangible assets, property, plant and equipment and trucks for short-term rental are contained in section „Accounting principles" and numbers 6, 12, 13, 14 of the notes to the consolidated financial statements.

❸ Accounting of lessor contracts in the sales area

① In the Company's consolidated financial statements, carrying amounts in total to EUR 1,326,981k (24.5 % of total assets) are reported under the balance sheet item „Receivables from financial services" and carrying amounts in total to EUR 804,774k (14.9 % of total assets) are reported under the balance sheet items „Trucks for short-term rental" and „Trucks for lease from financial services". Jungheinrich makes extensive use of leases as a sales instrument in the „Financial Services" operating segment. The corresponding agreements include both contracts in which Jungheinrich Group companies are contracting parties and those in which the leased asset was sold to external financial partners. Monetization mainly takes place through the long-term leasing of new trucks as leased assets to the end customer, the sale of the leased asset to a financial partner and subsequent leaseback as well as the leasing of the leased asset to the end customer at the same time (sale-and-leaseback) and the sale of the (leased) asset to a financial partner, who leases it to the end customer (vendor leasing).

Leases directly to the end customer are classified as finance leases or operating leases as defined by IFRS 16. In the case of sale and leaseback agreements concluded, the transaction is classified as a financing agreement and therefore a liability from financial services is recognized in addition to an asset. Vendor leases are classified uniformly as leases within the meaning of IFRS 16 in accordance with IFRS 15.

Leasing applications used throughout the Group have been set up to ensure the complete and correct recognition, categorization and classification of the various contract types in accordance with IFRS. The updating, programming, and administration of the classification and booking routines of the leasing applications are performed centrally in Germany, while contract recording is decentralized to the sales units or the Group's own financial services companies.

The definition of criteria and parameters in the leasing applications requires discretionary decisions by the executive directors. Due to the high volume of transactions in connection with the different types of contracts, errors in this area can have a significant impact on the consolidated financial statements. Against this background, the assessment of the accounting treatment of leases in the sales area was of particular significance in the context of our audit.

② As part of the audit, we first obtained an understanding of the process for accounting for leases in the sales area, including an understanding of the existing types of contracts as well as the company's internal controls in the leasing area.

With the knowledge of the organizational structure and the overall process, the audit focused on the leasing application used and on the completeness and accuracy of the data input in the individual sub-areas

In a further step, we assessed whether the criteria and parameters defined in the leasing applications used were appropriate for accounting for the lease and whether the automatic booking and classification routines stored complied with the relevant IFRS. To this we examined the Jungheinrich Group Accounting Manual, as the basis for programming the routines, for compliance with IFRS. Furthermore, we assessed the appropriateness of the accounting and classification routines. Our assessment was based on a selected sample of contracts. Based on the data inputs, we verified for each selected contract whether the results of the leasing applications are in compliance with the relevant IFRS.

We assessed the data inputs in the financial year in the individual sub-areas on a sample basis. In this context, we verified the accuracy, proper accrual and completeness of the data input using the original contracts.

We were able to satisfy ourselves that the criteria and parameters defined by the executive directors in the leasing application are appropriate overall for the accounting of leases in the sales area.

③ The Company's disclosures on accounting of lessor contracts in the sales area are contained in sections „Revenue recognition" and „Leasing and financial services" of the notes to the consolidated financial statements.

Other Information

The executive directors are responsible for the other information. The other information comprises the following non-audited parts of the group management report:

» the statement on corporate governance pursuant to § 289f HGB and § 315d HGB included in section „Corporate Governance Statement in accordance with Sections 289f and 315d of the German Commercial Code (HGB)" of the group management report

» the non-financial statement pursuant to § 289b Abs. 1 HGB and § 315b Abs. 1 HGB included in section „Non-financial aspects according to the CSR Guideline Implementation Act" of the group management report

The other information comprises further the remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

» is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or

» otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Assurance Report in Accordance with § 317 Abs. 3b HGB on the Electronic Reproduction of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes

Reasonable Assurance Conclusion

We have performed an assurance engagement in accordance with § 317 Abs. 3b HGB to obtain reasonable assurance about whether the reproduction of the consolidated financial statements and the group management report (hereinafter the „ESEF documents") contained in the attached electronic file Jungheinrich_KA_LB_2020-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format („ESEF format"). In accordance with German legal requirements, this assurance engagement only extends to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within this reproduction nor to any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the consolidated financial statements and the group management report contained in the above-mentioned attached electronic file and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the above-mentioned electronic file beyond this reasonable assurance conclusion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 1 January to 31 December 2020 contained in the „Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above.

Basis for the Reasonable Assurance Conclusion

We conducted our assurance engagement on the reproduction of the consolidated financial statements and the group management report contained in the above-mentioned attached electronic file in accordance with § 317 Abs. 3b HGB and the Exposure Draft of IDW Assurance Standard: Assurance in Accordance with § 317 Abs. 3b HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (ED IDW AsS 410) and the International Standard on Assurance Engagements 3000 (Revised). Accordingly, our responsibilities are further described below in the „Group Auditor's Responsibilities for the Assurance Engagement on the ESEF Documents" section. Our audit firm has applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Executive Directors and the Supervisory Board f or the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic reproduction of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The executive directors of the Company are also responsible for the submission of the ESEF documents together with the auditor's report and the attached audited consolidated financial statements and audited group management report as well as other documents to be published to the operator of the German Federal Gazette [Bundesanzeiger].

The supervisory board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Assurance Engagement on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance engagement. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance conclusion.
- Obtain an understanding of internal control relevant to the assurance engagement on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance conclusion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version applicable as at the balance sheet date on the technical specification for this electronic file.
- Evaluate whether the ESEF documents enables a XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited group management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 27 August 2020. We were engaged by the supervisory board on 8 December 2020. We have been the group auditor of the Jungheinrich Aktiengesellschaft, Hamburg, without interruption since the financial year 2020.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

German Public Auditor Responsible for the Engagement

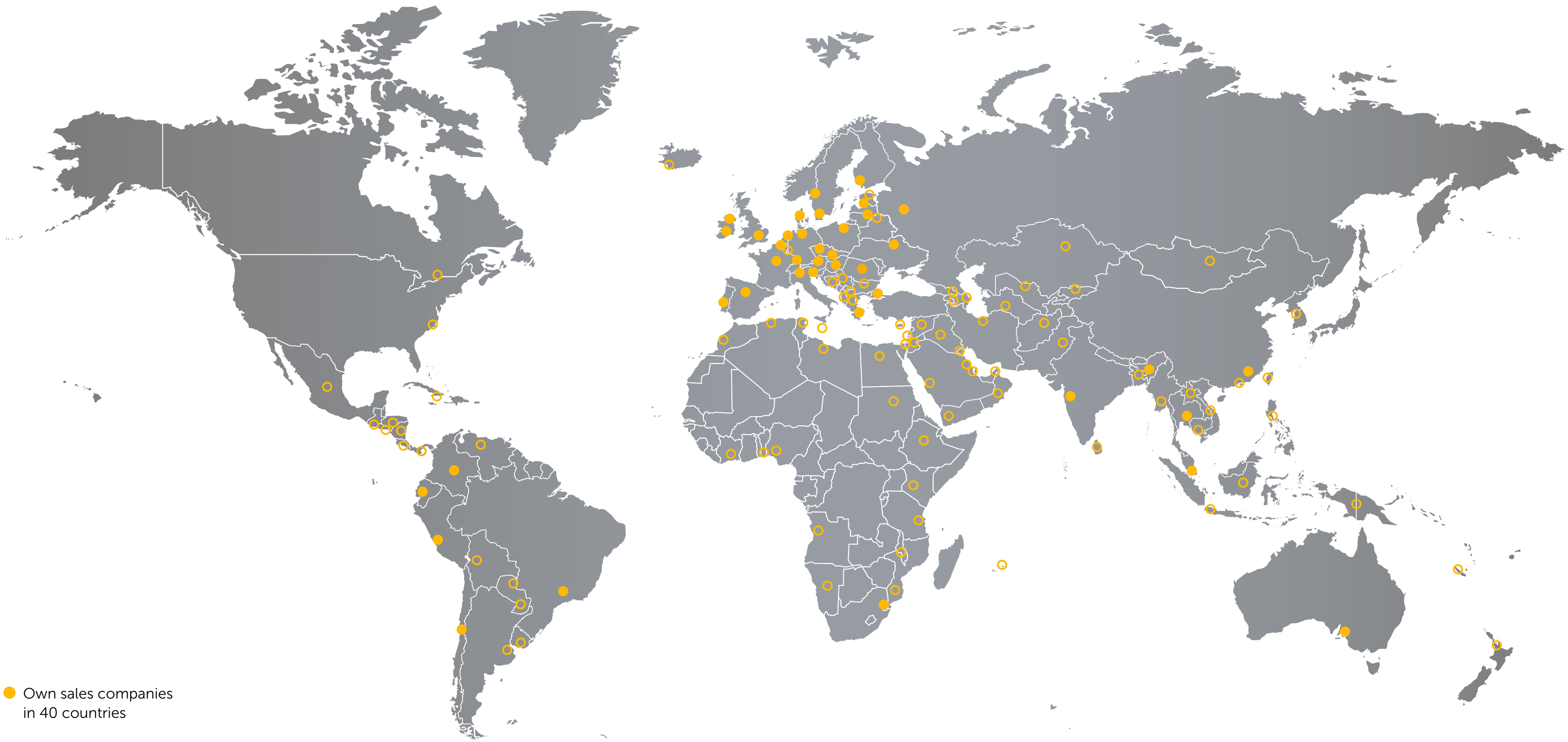
The German Public Auditor responsible for the engagement is Alexander Fernis.

Hamburg, March 5, 2021

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Thorsten Dzulko Wirtschaftsprüfer [German Public Auditor]	Alexander Fernis Wirtschaftsprüfer [German Public Auditor]

JUNGHEINRICH WORLDWIDE

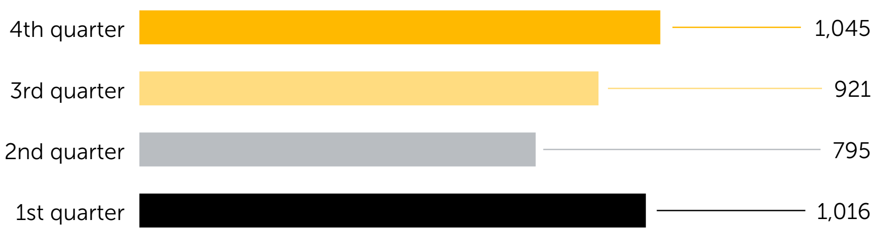


Own sales companies in 40 countries

Partner of Jungheinrich in approximately 80 other countries

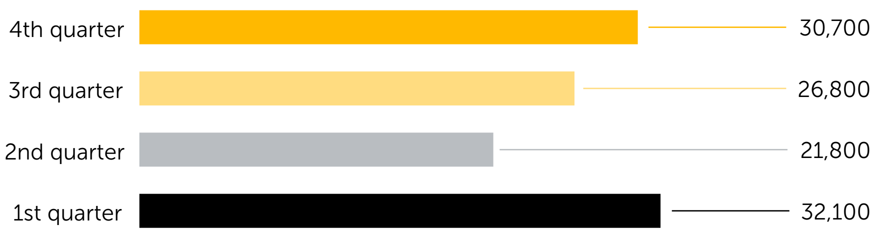
2020 QUARTERLY OVERVIEW

Incoming orders in € million

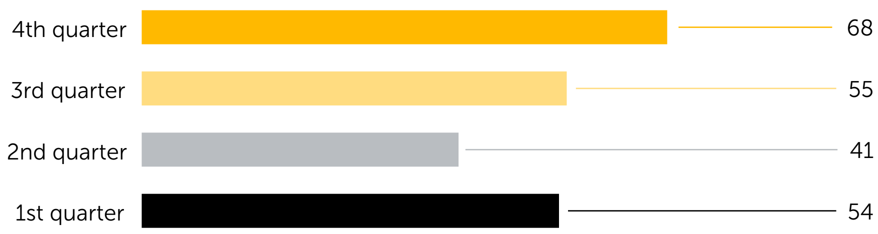


Revenue in € million

Incoming orders in units



Earnings before interest and taxes in € million



FIVE-YEAR OVERVIEW

Jungheinrich Group		2020	2019	2018	2017	2016
Incoming orders	units	111,400	121,900	131,000	123,500	109,200
	€ million	3,777	3,922	3,971	3,560	3,220
Orders on hand 31/12	€ million	821	787	907	692	610
Revenue	€ million	3,809	4,073	3,796	3,435	3,085
thereof Germany	€ million	917	966	900	851	753
thereof abroad	€ million	2,892	3,107	2,896	2,584	2,332
Foreign ratio	%	76	76	76	75	76
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	€ million	643	670	595	543	489
Earnings before interest and income taxes (EBIT)	€ million	218	263	275	259	235
EBIT return on sales (EBIT ROS)	%	5.7	6.4	7.2	7.5	7.6
EBIT return on capital employed (ROCE)[1]	%	14	14	16	17	18
Earnings before taxes (EBT)	€ million	200	242	249	243	216
EBT return on sales (EBT ROS)	%	5.3	5.9	6.6	7.1	7.0
Profit or loss	€ million	151	177	176	182	154
Capital expenditure[2]	€ million	75	157	106	88	59
Research and development expenditure	€ million	89	86	84	77	62
Balance sheet total 31/12	€ million	5,411	5,231	4,746	4,130	3,643
Trucks for short-term rental	€ million	289	353	381	375	326
Trucks for lease from financial services	€ million	516	558	528	448	395
Receivables from financial services	€ million	1,327	1,260	1,044	891	752
Liabilities from financial services	€ million	1,803	1,760	1,526	1,315	1,155
Shareholders' equity 31/12	€ million	1,546	1,488	1,362	1,244	1,114
thereof subscribed capital	€ million	102	102	102	102	102
Equity ratio (Group)	%	29	28	29	30	31
Equity ratio (Intralogistics)	%	45	46	46	48	48
Return on equity after income taxes (ROE)	%	10	12	13	15	14
Net debt (+)/Net credit (–)[1]	€ million	–194	172	108	7	–56
Indebtedness ratio[1]	years	<0	0.32	0.23	0.02	<0
Employees 31/12	FTE[3]	18,103	18,381	17,877	16,248	15,010
thereof Germany	FTE[3]	7,577	7,635	7,378	6,962	6,511
thereof abroad	FTE[3]	10,526	10,746	10,499	9,286	8,499
Earnings per preferred share[4]	€	1.49	1.75	1.73	1.80	1.52
Dividend per share – ordinary share	€	0.41[5]	0.46	0.48	0.48	0.42
– preferred share	€	0.43[5]	0.48	0.50	0.50	0.44

Explanatory notes to the key financial data: Equity ratio = Shareholders' equity/Total capital x 100; EBIT return on sales (EBIT ROS) = EBIT/Revenue x 100; EBT return on sales (EBT ROS) = EBT/Revenue x 100; EBIT return on capital employed (ROCE) = EBIT/Employed interest-bearing capital[6] x 100; Return on equity after income taxes (ROE) = Profit or loss/Average shareholders' equity x 100; Net indebtedness = Financial liabilities – Cash and cash equivalents and securities; Indebtedness ratio = Net indebtedness/EBITDA (excluding the depreciation of trucks for lease from financial services)

1 Determined according to accounting changes as of 01/01/2019 (IFRS 16 "Leases"). (Values from the previous year have not been adjusted.)
2 Property, plant and equipment and intangible assets without capitalised development expenditure.
3 FTE = full-time equivalents; part-time employees were taken into account according to their hours.
4 Based on share of earnings attributable to the shareholders of Jungheinrich AG.
5 Proposal.
6 Shareholders' equity + Financial liabilities – Cash and cash equivalents and securities + Provisions for pensions and long-term personnel obligations.

FINANCIAL CALENDAR, LEGAL NOTICE, CONTACT

Financial calendar

26 March 2021
Balance sheet press conference (virtual)
Publication of the Annual Report 2020

26 March 2021
Analyst conference (virtual)

7 May 2021
Interim statement as of 31 March 2021

11 May 2021
Virtual Annual General Meeting 2021

14 May 2021
Dividend payment

12 August 2021
Interim statement as of 30 June 2021

10 November 2021
Interim statement as of 30 September 2021

Legal notice

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The data in the chapter "Non-financial declaration according to the CSR Guideline Implementation Act" was compiled with the help of WeSustain.

WeSustain enterprise sustainability

This annual report has been published in German and English. The German version shall always take precedence.

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