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JOST Werke AG

Annual Financial Statements 2019

The Management Report of JOST Werke AG is combined with the Group Management Report in accordance with Section 315 (5) of the German Commercial Code (HGB) and is published in the Annual Group Report 2019 of the JOST Werke AG.

The Annual Financial Statements and the Management Report of JOST Werke AG for the year 2019 are published in the German Federal Gazette.

The Annual Financial Statements 2019 and the Annual Group Report 2019 of the JOST Werke AG can be found in the Investor Relations section of our website at <http://ir.jost-world.com/reports>

These documents represent the English translation of the German "Jahresabschluss," which is the sole binding version.

JOST Werke AG, Neu-Isenburg

Balance sheet as of December 31, 2019

Assets

	12/31/2019	12/31/2018
	€	€
A. Fixed assets		
1. Financial assets		
Interests in affiliated companies	706,021,424.48	706,021,424.48
	706,021,424.48	706,021,424.48
B. Current assets		
I. Receivables and other assets		
1. Receivables from affiliated companies	2,110,272.18	22,467.70
2. Other assets	116,440.90	2,645,992.78
	2,226,713.08	2,668,460.48
Deferred income	592,101.00	705,182.00
	708,840,238.56	709,395,066.96

Equity and liabilities		
	12/31/2019	12/31/2018
	€	€
A. Equity		
I. Subscribed capital	14,900,000.00	14,900,000.00
II. Capital reserves	480,882,954.90	505,628,849.99
III. Net retained profits	16,390,000.00	16,390,000.00
	512,172,954.90	536,918,849.99
B. Provisions		
Other provisions	6,782,613.33	3,074,420.50
	6,782,613.33	3,074,420.50
C. Liabilities		
I. Liabilities to banks	150,345,300.88	150,354,598.66
II. Trade payables	155,248.03	181,419.35
III. Liabilities to affiliated companies	38,584,876.46	18,241,890.60
IV. Other liabilities	799,244.96	623,887.86
of which from taxes: € 229,604.82 (€ 117,076.20)		
	189,884,670.33	169,401,796.47
	708,840,238.56	709,395,066.96

Income statement for the period from January 1 to December 31, 2019

	2019	2018
	€	€
1.) Sales revenues	2,038,897.00	2,138,436.00
2.) Other operating income	2,198,993.29	64,676.05
3.) Gross revenue for the period	4,237,890.29	2,203,112.05
4.) Personnel expenses		
a) Wages and salaries	-4,719,660.86	-3,633,059.28
b) Social security, post-employment and other employee benefit costs	-81,171.87	-57,460.45
	-4,800,832.73	-3,690,519.73
5.) Other operating expenses	-5,327,300.65	-3,541,172.58
6.) Income from long-term loans	0.00	15,729.50
of which from affiliated companies: € 0.00 (previous year: € 15,729.50)		
7.) Other interest and similar income	81.01	1,203.45
of which from affiliated companies: € 81.01 (previous year: € 1,203.45)		
8.) Interest and similar expenses	-2,464,645.01	-1,621,643.68
of which from affiliated companies: € -288,034.21 (previous year: € -51,793.90)		
9.) Profits before other taxes	-8,354,807.09	-6,633,290.99
10.) Other taxes	-1,088.00	-734.83
11.) Net loss for the year	-8,355,895.09	-6,634,025.82
12.) Withdrawal from capital reserves	24,745,895.09	23,024,025.82
13.) Net retained profits	16,390,000.00	16,390,000.00

JOST Werke AG, Neu-Isenburg

Notes to the annual financial statements for fiscal year 2019

I. General information

JOST Werke AG (hereinafter also the “Company,”) was founded as Cintinori Holding GmbH on February 27, 2008. On June 23, 2017, Cintinori Holding GmbH was converted from a German private limited company (GmbH) into a German public limited company (AG) and renamed JOST Werke AG. The respective entry in the Commercial Register was made on July 7, 2017. As of July 20, 2017, the shares were traded for the first time on the Frankfurt Stock Exchange.

The Company’s registered office is 2 Siemensstrasse in D-63263 Neu-Isenburg, Germany. The Company has been registered in the Commercial Register of Offenbach am Main Local Court under number HRB 50149.

JOST Werke AG’s annual financial statements are prepared according to the provisions of the current version of the German Commercial Code (Handelsgesetzbuch– HGB), taking into account the German Stock Corporation Act (Aktiengesetz – AktG). JOST Werke AG is a large corporation as defined in Section 267 (3) sentence 2 HGB.

Its fiscal year corresponds to the calendar year.

The annual financial statements are prepared in euros (EUR). The income statement uses the total cost (nature of expense) method.

II. Accounting policies

Long-term financial assets are carried at cost. Write-downs are charged where permanent impairment is anticipated. Impairment losses are reversed if the reasons for the write-downs no longer apply.

Receivables and other assets are carried at their principal amount.

Appropriate specific valuation allowances are recognized for receivables and other assets where circumstances are known that may cause doubt regarding the collectibility of the receivables or the recoverability of the other assets.

Prepaid expenses comprise expenditure before the reporting date for expenses for a specific period after the balance sheet date. The discount contained in the Company’s refinancing is amortized over the term of the liabilities arising from the promissory note loans. These are measured at their nominal amount.

Subscribed capital is shown at its nominal amount.

Provisions make appropriate allowance for all identifiable risks and obligations in accordance with prudent business judgment. They are measured at the settlement amount considered necessary in accordance with prudent business judgment. Provisions with a remaining term of more than one year are discounted at the average market interest rate of the past seven fiscal years corresponding to their remaining term.

For selected executives of the JOST Werke Group below the Management Board, a Long-Term-Incentive-Plan (LTIP) was introduced in 2019 with the intention of allowing selected executives (not the Management Board) in the JOST Werke Group to participate in the success of the JOST Werke Group in the expectation of a long-term connection. The LTIP rights in the form of virtual shares grant the right to a cash payment after a four-year reference period (also employment period) from April 1, 2019 to March 31, 2023 depending on the outperformance of the JOST Werk share in comparison to the SDAX index. If the performance of the JOST Werke share is equal to or better than the SDAX, a special payment at the level of 100% of the value of the JOST Werke share is granted. If the JOST Werke share underperforms the SDAX, a special payment of 20% of the value of the JOST Werke share is granted. The payment from the virtual shares is limited to three times the initial value (average price of the JOST Werke share during the last 30 trading days before the reference period starts). From the LTIP, a total of 148,133 virtual shares were granted in 2019 with an initial value of €4,425 thousand. The fair value of the virtual shares is calculated using a Monte-Carlo simulation with the following input factors as of December 31, 2019:

	Dec. 31, 2019
JOST share price	€ 37.30
SDAX index level	12,511.89
Expected volatility JOST	34.79%
Expected volatility SDAX	14.42%
Correlation JOST / SDAX	0.4758
JOST dividend yield	2.89%
Risk-free rate	-0.57%
Fair value	€ 27.62

The Monte Carlo simulation takes account of the relative performance of the JOST Werke share against the SDAX index, the average value at the end of the reference period, dividend forecasts for the JOST share and the limitation of the payment amount.

Expenses from the LTIP are distributed over the expected vesting period and recognized in other provisions.

As of December 31, 2019, the carrying amount of the liability from the virtual shares and recognized expense was €675,619.95. In the reporting period, no virtual shares were forfeited or become vested.

No hedges in accordance with Section 254 HGB are recognized for derivative financial transactions. As executory contracts these transactions are off-balance sheet. However, if losses are expected from these transactions, a provision is established on the basis of

the negative market prices. The resulting unrealized losses are recognized in profit or loss.

Liabilities are carried at their settlement amount.

Deferred taxes are recognized on the differences between the financial accounts and the tax accounts, provided that they are expected to decrease in subsequent fiscal years. Deferred taxes are calculated using a tax rate of 30%. As of the reporting date, after offsetting the tax assets and tax liabilities (overall difference assessment), there was a surplus of deferred tax assets. This was driven primarily by differences in the measurement of other provisions. The Company has not exercised the option of utilizing tax assets provided for in Section 274 (1) Sentence 2 HGB, so that the surplus deferred tax assets are not recognized on the balance sheet.

III. Notes to the balance sheet

1. Fixed assets/long-term financial assets

The changes in fixed assets as of the balance sheet date are as follows:

**Changes in fixed assets
for the period from January 1 to December 31, 2019**

	Cost			Reversals/amortization			Carrying amounts 12/31/2019 € thousands	Carrying amounts 12/31/2018 € thousands
	Balance 01/01/2019 € thousands	Additions € thousands	Disposals € thousands	Balance 12/31/2019 € thousands	Balance 01/01/2019 € thousands	Additions € thousands		
Interests in affiliated companies	706,022	0	0	706,022	0	0	0	706,022
Financial assets	706,022	0	0	706,022	0	0	0	706,022

Shareholdings in accordance with Section 285 No. 11 HGB are as follows:

List of shareholdings JOST Werke AG as of Dec. 31, 2019					
Company	Share of JOST Werke AG		Equity as of December 31, 2019	Result 2019	
			€ thousands	1)	€ thousands
				2)	
Interests in affiliated companies					
JOST-Werke VG1 GmbH (being founded) Neu-Isenburg	100.00%	5)	0		0
Jasione GmbH Neu-Isenburg	100.00%	5)	564,226		25,349
JOST-Werke Deutschland GmbH Neu-Isenburg	100.00%	4) 5)	42,611		0
JOST-Werke Asset Management GmbH (being founded) Frankfurt am Main	100.00%	5)	0		0
Jost-Werke International Beteiligungsverwaltung GmbH Neu-Isenburg	100.00%	4) 5)	36,326		0
Rockinger Agriculture GmbH Waltershausen / Germany	100.00%	3) 5)	-546		-756
JOST France S.à r.l. Paris / France	100.00%	3) 6)	5,303		490
JOST Iberica S.A. Zaragoza / Spain	100.00%	3) 6)	4,254		989
Jost Italia S.r.l. Milan / Italy	100.00%	3) 6)	2,524		322
Jost GB Ltd. Bolton / United Kingdom	100.00%	3) 6)	3,851		-29
Jost UK Ltd. Bolton / United Kingdom	100.00%	3) 6)	-1,281		-2,553
ooo JOST RUS Moscow / Russia	100.00%	3) 6)	2,394		330
JOST Polska Sp. z o.o. Nowa Sól / Poland	100.00%	3) 6)	16,830		4,069
Jost Hungaria Kft. Veszprém / Hungary	100.00%	3) 6)	13,544		2,240
JOST TAT LLC Naberezhnye Chelny / Russia	100.00%	3) 6)	1,811		399
Tridec Holdings B.V. Son / Netherlands	100.00%	3) 6)	21,297		5,401
Transport Industry Development Centre B.V. Best / Netherlands	100.00%	3) 6)	4,672		4,899
Tridec Ltda. Cantanhede / Portugal	100.00%	3) 6)	4,109		236
JOST Achsen Systeme GmbH Calden / Germany	100.00%	4) 5)	25		0
Jost Otomotiv Sanayi Ticaret A.S. Izmir / Turkey	100.00%	3) 6)	1,689		165
JOST (S.A) Pty. Ltd. Chloorkop / South Africa	100.00%	3) 5)	4,038		3,247
JOST Transport Equipment Pty. Ltd. Chloorkop / South Africa	100.00%	3) 5)	7,806		500
Jost Australia Pty. Ltd. Seven Hills / Australia	100.00%	3) 6)	13,933		1,267
Jost New Zealand Ltd. Hamilton / New Zealand	100.00%	3) 6)	302		6
JOST International Corp. Grand Haven / Michigan / U.S.A.	100.00%	3) 6)	37,287		8,599
Jost (China) Auto Component Co. Ltd. Wuhan, Hubei Province / PR China	100.00%	3) 6)	23,511		4,865
JOST (Shanghai) Trading Co. Ltd. Shanghai / PR China	100.00%	3) 6)	2,012		214
Jost Far East Pte. Ltd. Singapore	100.00%	3) 6)	4,927		2,549
JOST India Auto Component Pte. Ltd. Jamshedpur / India	100.00%	3) 6)	10,439		1,239
JOST Japan Co. Ltd. Yokohama / Japan	100.00%	3) 6)	367		24
Jost (Thailand) Co. Ltd. Bangsaotong / Thailand	100.00%	3) 6)	226		-202
Equity investments					
JOST Brasil Sistemas Automotivos Ltda. Caxias do Sul / Brazil	49.00%	3) 6)	15,964		7,048

- 1) Translated at the average rate on the closing date
- 2) Translated at the average rate for the year
- 3) Held indirectly via Jasione GmbH Ltd.
- 4) Held indirectly via Jasione GmbH, after profit and loss transfer agreement
- 5) Data from the provisional financial statements of the companies according to HGB
- 6) Data from the reporting packages of the companies according to IFRS for consolidation purposes

2. Receivables and other assets

Receivables from affiliated companies relate to receivables from the subsidiaries Jasione GmbH, Neu-Isenburg, Jost-Werke International Beteiligungsverwaltung GmbH, Neu-Isenburg, and Rockinger Agriculture GmbH, Waltershausen, and result from other allocations.

Other assets include sales tax receivables of €116,440.90 (previous year: €2,149,643.52). In the previous year there was also a receivable for interest paid twice (previous year: €496,076.39).

As in the previous year, all receivables and other assets are due in less than one year.

3. Prepaid expenses

Prepaid expenses at the reporting date amount to €592,101.00 (previous year €705,182.00). Of this amount €271,197.00 (previous year: €298,214.00) relate to payments for an insurance policy to be deferred over subsequent periods. In addition, the discount from the Company's refinancing in 2018 (this year €320,904.00; previous year: €406,968.00) has been deferred over the term of the promissory note loans and is amortized (see also 6. Liabilities).

4. Equity

Before the previous German private limited company (GmbH) was converted into a German public limited company (AG), in June 2017 the subscribed capital was increased by €10,000,000 and the capital reserves by €342,478,924.48 by a contribution in kind from the assignment of shareholder loans.

The previous shares in the private limited company of €25,000) were converted into shares.

In July 2017, an increase was resolved to the Company's share capital by €4,875,000 to €14,900,000 against cash contributions while disapplying the pre-emptive rights of shareholders by way of the issue of 4,875,000 new, no-par value bearer shares with an notional value of €1.00 each.

The Company's shares began successfully trading on the Prime Standard segment of the Frankfurt Stock Exchange on July 20, 2017. The issue price for JOST Werke AG's shares was €27.00 (price range: €25.00 to €31.00). In the course of the stock listing, the Company carried out a capital increase by 4,875,000 shares amounting to €131,625,000 (with €4,875,000 attributable to subscribed capital and €126,750,000 to capital reserves).

At the Annual General Meeting held on May 4, 2018, a resolution was adopted to cancel the existing Authorized Capital 2017 and create new Authorized Capital 2018. The Management Board is authorized, with the consent of the Supervisory Board, to increase the Company's share capital by a total of up to €7,450,000 once or in several installments until May 3, 2023 by issuing new no-par value bearer shares against cash or non-cash contributions. The Annual General Meeting also adopted a resolution to create Contingent Capital 2018. The share capital may be increased on one or more occasions by up to €7,450,000 by issuing up to 7,450,000 new no-par value bearer shares. When new shares from the Authorized Capital 2018 are issued, in principle shareholders have pre-emptive rights which can be disappled only in specific cases and under the conditions described in more detail in Article 5 (2) of the Articles of Association. The Management Board has not utilized this authorization.

With a further resolution of the Annual General Meeting on May 4, 2018, the Management Board is authorized, with the consent of the Supervisory Board, up to May 3, 2023 on one or more occasions to issue warrant bonds, convertible bonds and/or income bonds or combinations of these instruments (together "bonds") with a total nominal amount of up to €350 million with or without a limited term and to grant the bearers or creditors of the bonds options or conversion rights in up to 7,450,000 new bearer shares of the Company with a pro rata amount of the share capital of up to €7,450,000.00 in accordance with the further conditions of the bonds. In principle shareholders have pre-emptive rights. However, the Management Board, with the consent of the Supervisory Board, is authorized to disapply the pre-emptive rights of shareholders to the bonds on the basis of the conditions stated in the above authorization resolution. For details on this, refer to the proposed resolution on Item 8 of the Annual General Meeting on May 4, 2018 which was passed. The Management Board has not utilized this authorization. To service the bonds, the Annual General Meeting contingently increased the Company's share capital by up to €7,450,000.00 on the basis of issuing up to 7,450,000 new bearer shares (Contingent Capital 2018; Article 6 of the Articles of Association).

In addition, on May 4, 2018 the Annual General Meeting authorized the Company up to May 3, 2023, to acquire Treasury shares of up to 10% at the time of the resolution or – if this figure is less – of the share capital in place at the time the authorization is exercised. The acquired Treasury shares may be used for any legally permissible purpose. For details on this refer to the Authorization Resolution resolved at the Annual General Meeting on May 4, 2018 (Agenda Item 6). At the time this report was prepared, the Company had not acquired any Treasury shares.

As of December 31, 2019, the Company's subscribed capital was unchanged at €14,900,000, which is fully paid-up and divided into 14,900,000 no-par value shares.

The capital reserves changed as follows:

Capital reserves	2019	2018
	€ thousands	€ thousands
Balance Jan. 1	505,629	528,653
Withdrawals in the fiscal year	-24,746	-23,024
Balance Dec. 31	480,883	505,629

The free reserves amounted to € 354,132,954.90 as of December 31, 2019 (previous year: € 378,878,849.99).

Net retained profit changed as follows:

Net retained profits	2019	2018
	€ thousands	€ thousands
Balance Jan. 1	16,390	7,450
Dividend payment	-16,390	-7,450
Net loss for the year	-8,356	-6,634
Withdrawal from capital reserves	24,746	23,024
Balance Dec. 31	16,390	16,390

5. Provisions

The provisions are personnel-related provisions of €3,403,319.95 (previous year: €2,124,000.00), €675,619.95 of which are share-based remuneration (previous year: €0.00). In addition, provisions of €1,806,000.00 were established for outstanding invoices in connection with legal and advisory costs as well as costs for preparing the annual financial statements (previous year: €254,000.00). Provisions of €1,573,293.38 (previous year; €696,420.50) were recognized for pending losses from derivatives.

6. Liabilities

	Total	Of which with a remaining duration		Of which more than 5 years
		Up to 1 year	> 1 year	
	€	€	€	€
Liabilities to banks	150,345,301	345,301	150,000,000	34,500,000
Trade payables	155,248	155,248	0	0
Liabilities to affiliated companies	38,584,876	38,584,876	0	0
Other liabilities	799,245	799,245	0	0
Total	189,884,670	39,884,670	150,000,000	34,500,000

In the previous year, liabilities due within one year were as follows:

- Liabilities to banks € 354,599
- Trade payables €181,419
- Liabilities to affiliated companies €18,241,891
- Other liabilities €623,888

In the previous year, liabilities were due with a term exceeding one year:

- Liabilities to banks €150,000,000 (of which more than five years remaining duration: €34,500,000)

Effective June 29, 2018, the indirectly held subsidiary JOST-Werke Deutschland GmbH canceled the existing credit agreement. In this context, JOST Werke AG issued promissory note loans with a total value of €150 million that mature in five and seven years respectively and have both fixed and variable interest rates. In addition to the promissory note loans, there is a revolving facility of €150 million. The financing in 2018 comes with more favorable interest rates for the Group and longer terms. The obligation to comply with certain financial requirements (“covenants”) exists with regard to the revolving credit line. Liabilities to banks include accrued interest of €345,300.88.

Liabilities to banks are not secured by rights of lien or similar rights.

To finance the acquisition of Ålö Holding AB, the Company concluded a new financing agreement with a banking syndicate for €120 million with a duration of five years. As of December 31, 2019, the loan had not be drawn down. This bank loan is subject to compliance with various covenants derived from the consolidated financial statements of JOST Werke AG, the primary parent company. In the case of non-compliance with these covenants, the bank loans can become due with immediate effect. For information on the acquisition, refer to the report of events after the reporting date in the JOST Werke AG consolidated financial statements.

Liabilities include €38,584,876.46 (previous year: EUR 18.241.890,60) liabilities to affiliated companies arising from the clearing account with JOST-Werke Deutschland GmbH and other liabilities of €799,244.96 (previous year: € 623,887.86). The clearing

account with JOST-Werke Deutschland GmbH was used primarily for dividend payments (€16,390,000, previous year: €7,450,000) to Company shareholders. Other liabilities include liabilities of €565,495.00 (previous year: €505,000.00) arising from the remuneration of the Supervisory Board.

7. Financial hedging instruments

To hedge future interest rate volatilities from the floating rate tranches of the promissory note loan, the Company entered into four interest rate swaps with a total nominal value of €60,000,000.00, and a maximum term until June 29, 2023. The swaps have a negative market value of €1,573,293.38 as of December 31, 2019 (mark-to-market valuation), for which a provision for onerous contracts at the same level has been recognized. This is recognized in other provisions.

IV. Notes to the income statement

1. Sales revenues

Sales revenues of €2,038,897.00 (previous year €2,138,436.00) are exclusively attributable to service agreements with affiliated companies and were generated in Germany.

2. Other operating income

In the fiscal year, other operating income mainly comprises income from oncharging to the affiliated company Jost-Werke International Beteiligungsverwaltung GmbH of €2,067,439.21 (previous year: €0.00). Oncharging related to costs in connection with the acquisition of Ålö, as this took place via Jost-Werke International Beteiligungsverwaltung GmbH. It includes income from the use of passenger cars amounting to €49,200.45 (previous year: €59,891.94). Prior-period income relates to income from the reversal of provisions amounting to €81,966.47 (previous year: €3,726.01).

3. Other operating expenses

These relate primarily to expenses for legal and consulting costs (€2,088,268.70; previous year: €889,471.27), expenses for the long-term bonus program for executives below the Management Board with the JOST Werke Group (€652,311.06; previous year: €0.00), costs for preparing the annual financial statements (€178,490.90; previous year: €267,667.14), expenses for Supervisory Board remuneration (€505,086.40; previous year: €505,000.00), and travel expenses (€308,616.91; previous year: €168,648.60). The legal and consultancy costs comprise primarily expenses in connection with the acquisition of Ålö Holding AB, Umeå, Sweden. Other operating expenses also include an addition to the provision for pending losses from derivatives.

In the previous year, this item also included costs for hiring staff (EUR 0.00; previous year EUR 260,543.67).

4. Income from long-term loans

This item exclusively comprised income from affiliated companies in previous year.

5. Other interest and similar income

Other interest and similar income relates to affiliated companies in the amount of €81.01 (previous year: €1,203.45).

6. Interest and similar expenses

In the fiscal year ended, interest and similar expenses mainly related to interest in connection with the promissory note loans in the amount of €1,756,376.08 (previous year: €1,569,849.78). This includes expenses from the amortization of the discount of €86,064,00 (previous year: €43,032.00). Interest expense with affiliated companies amounted to €288,034.21 (previous year: €51,793.90). Loan commitment fees are also included in interest and similar expenses.

7. Other taxes

Other taxes relate to vehicle tax.

V. Other information

1. Number of employees

At the reporting date, the Company had eight employees: three Management Board members and five other employees. Averaged over the year, the Company had eight employees.

2. Management Board

As of October 1, Joachim Dürr took over as Chief Executive Officer from Lars Brorsen.

The Management Board consists of the following persons, including a list of further posts held on supervisory/control bodies outside JOST Werke AG:

Lars Brorsen, cand.oecon., Heubach (until September 30, 2019)

Chairman of the Management Board

Chief Executive Officer

- Member of the advisory board, Digades Holding GmbH, Zittau

Joachim Dürr, Diplom-Ingenieur, Dachau

Chairman of the Management Board (from October 1, 2019)

Chief Executive Officer (from January 1, to September 30, 2019 Chief Sales Officer)

- No posts on supervisory/control bodies

Dr.-Ing. Ralf Eichler, Diplom-Ingenieur, Dreieich

Chief Operating Officer

- No posts on supervisory/control bodies

Dr. Christian Terlinde, Diplom-Kaufmann, Dinslaken

Chief Financial Officer (from January 1, 2019)

- No posts on supervisory/control bodies

3. Supervisory Board

The Supervisory Board consists of the following persons, including a list of further posts held on supervisory/control bodies outside JOST Werke AG:

Manfred Wennemer (Chair)

Occupation: Member of the supervisory and advisory boards of several companies

- Member of the Advisory Board, Brückner Technology Holding GmbH, Siegsdorf, Germany
- Member of the Board, TI Fluid Systems plc, England

- Member of the Board, PIAB International AB, Täby, Sweden

Prof. Dr. Bernd Gottschalk (Deputy Chair)

Occupation: Management consultant, Managing Partner of AutoValue GmbH, Frankfurt am Main, Germany

- Member of the Supervisory Board, Schaeffler AG, Herzogenaurach, Germany
- Member of the Supervisory Board, Plastic Omnium S.A., Paris, France
- Chairman of the Advisory Board, Facton GmbH, Potsdam, Germany
- Member of the Advisory Board, Serafin Unternehmensgruppe GmbH, München, Germany
- Member of the Advisory Board, BLG Logistics Group AG & Co. KG, Bremen, Germany
- Member of the Supervisory Board, Haldex AB, Landskrona, Sweden

Natalie Hayday

Occupation: Managing Director of 7Square GmbH, Frankfurt am Main, Germany

- Member of the Supervisory Board and Audit Committee, LEG Immobilien AG, Düsseldorf, Germany

Rolf Lutz

Occupation: Graduate engineer, retired

- No other posts on supervisory/control bodies

Jürgen Schaubel

Occupation: Consultant, Oaktree Capital Management

- Chairman of the Audit Committee, Optimum Maritime Holding, Limassol, Cyprus

Klaus Sulzbach

Occupation: Auditor/management consultant

- No other posts on supervisory/control bodies

4. Remuneration of the Management Board and Supervisory Board

The main features of the remuneration system and the remuneration of the individual Management Board and Supervisory Board members are outlined in the remuneration report. The remuneration report is part of the management report.

Including fringe benefits, the total cash benefits (= total benefits) of the Management Board amounted to €3,430 thousand (previous year: €2,772 thousand) and total benefits of the Supervisory Board came to €505 thousand (previous year: €505 thousand).

5. Consolidated financial statements

The Company prepares consolidated financial statements for the smallest and the largest group of companies in the JOST Group. The consolidated financial statements are published in German in the electronic version of the Bundesanzeiger (Federal Gazette).

The consolidated financial statements of JOST Werke AG have been prepared in accordance with the requirements of the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), London, that are effective as of the reporting date, and the Interpretations issued by the International Reporting Interpretations Committee, as adopted by the European Union (EU).

6. Auditor's fee

In accordance with Section 285 No. 17 HGB, the fees for the auditors are stated in the consolidated financial statements of JOST Werke AG. In addition to auditing the single-entity and consolidated financial statements, the auditors performed other assurance and tax advisory services (mainly the preparation of tax returns, assistance with tax audits). The other assurance services related to an audit review of the reconciliation in line with Section 4h (2) Sentence 12f. German Income Tax Act (EStG).

7. Report on post-balance sheet date events

As January 31, 2020, the indirect subsidiary Jost-Werke International Beteiligungsverwaltung GmbH (JWI) acquired a 100% stake in Ålö Holding AB, a leading international manufacturer of agricultural front loaders with the Quicke brand.

The new financing of €120 million for the acquisition of Ålö Holding AB concluded on December 19, 2019 was utilized on January 31, 2020. On January 29, 2020, the revolving credit facility of €90 million was drawn. For further information on the acquisition, refer to the report of events after the reporting date in the JOST Werke AG consolidated financial statements.

No further material events or developments occurred that would have led to a change in the presentation or the carrying amount of the individual assets and liabilities as of December 31, 2019.

8. Proposal on the appropriation of profits

A proposal will be made to the Annual General Meeting to distribute €0.80 per share from the net retained profit of €16,390 thousand shown by JOST Werke AG for the period ended December 31, 2019.

9. Declaration of conformity pursuant to the German Corporate Governance Code

The required corporate governance statement in accordance with Section 289f (1) HGB is available on our website at <http://ir.jost-world.com/corporate-governance>.

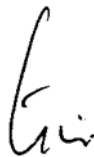
10. Disclosures in accordance with Section 160 (1) No. 8 AktG

At the reporting date, there were investments in the Company of which the Company was notified in accordance with Section 21 (1) of the Wertpapierhandelsgesetz (German Securities Trading Act – WpHG) and that were published on our website at <http://ir.jost-world.com> in accordance with Section 26 (1) WpHG. We also refer to the statements in the section of the management report entitled “Takeover-related disclosures”.

Neu-Isenburg, Germany, March 13, 2020



Joachim Dürr



Dr. Ralf Eichler



Dr. Christian Terlinde

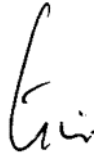
Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the annual financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, and the management report, which is combined with the Group management report, includes a fair review of the development and performance of the business and the position of the Company, together with a description of the material opportunities and risks associated with the expected development of the Company.

Neu-Isenburg, Germany, March 13, 2020



Joachim Dürr



Dr. Ralf Eichler



Dr. Christian Terlinde

INDEPENDENT AUDITOR'S REPORT

To JOST Werke AG, Neu-Isenburg

REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE MANAGEMENT REPORT

Audit Opinions

We have audited the annual financial statements of JOST Werke AG, Neu-Isenburg, which comprise the balance sheet as at December 31, 2019, and the statement of profit and loss for the financial year from January 1 to December 31, 2019, and notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of JOST Werke AG, which is combined with the group management report, for the financial year from January 1 to December 31, 2019. In accordance with the German legal requirements, we have not audited the content of those parts of the 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 annual financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Company as at December 31, 2019 and of its financial performance for the financial year from January 1 to December 31, 2019 in compliance with German Legally Required Accounting Principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the management report does not cover the content of those parts of the management report listed in the "Other Information" section of our auditor's report.

Pursuant to Article 322 paragraph 3 sentence 1 HGB (German Commercial Code), we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Audit Opinions

We conducted our audit of the annual financial statements and of the 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 Annual Financial Statements and of the Management Report” section of our auditor’s report. We are independent of the Company 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 annual financial statements and on the management report.

Key Audit Matters in the Audit of the Annual Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the financial year from January 1 to December 31, 2019. These matters were addressed in the context of our audit of the annual 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 matter of most significance in our audit was as follows:

① Measurement of shares in the subsidiary

Our presentation of this key audit matter has been structured as follows:

- ① Matter and issue
- ② Audit approach and findings
- ③ Reference to further information

Hereinafter we present the key audit matter:

① Measurement of shares in the subsidiary

- ① Shares in the subsidiary Jasione GmbH are reported as shares in affiliated companies amounting to EUR 706.0 million (99.6% of total assets) are reported under the "Long-term financial assets" balance sheet item in JOST Werke AG's annual financial statements as of December 31, 2019.

Shares in affiliated companies are measured in accordance with German commercial law at the lower of cost and fair value. The fair value is calculated using a discounted cash flow model as the present values of the expected future cash flows (free cash flow) according to the planning projections prepared by the executive directors. Expectations relating to future market developments and assumptions about the development of macroeconomic factors are also taken into account. The discount rate used is the individually determined cost of capital.

The outcome of this valuation exercise is dependent to a large extent on the estimates made by the executive directors of the future cash flows, and on the discount rate and rate of growth. The measurement is therefore subject to material uncertainty. Against this background and due to the highly complex nature of the valuation and its material significance for the Company's net assets and results of operations, this matter was of particular significance in the context of our audit.

- ② With respect to the valuation of the shares in the subsidiary as of December 31, 2019, we verified the valuation methods and assessed whether the fair value was appropriately determined on the basis of discounted cash flow methods, taking into account the relevant valuation standards. We reviewed whether the underlying future cash inflows and the costs of capital used form, as a whole, an appropriate basis. We based our assessment, among other things, on a comparison with general and sector-specific market expectations as well as on the executive directors' detailed explanations regarding the key value drivers underlying the expected cash flows. With the knowledge that even relatively small changes in the discount rate applied can have material effects on values, we also focused our testing on the parameters used to determine the discount rate applied, and evaluated the measurement model. In addition, a comparison against the market capitalization of JOST Werke AG and analyst expectations was carried out since the entirety of the Group's operating business is conducted by investees of the subsidiary.

Taking into consideration the information available, we believe that the valuation parameters and underlying assumptions used by the executive directors are appropriate overall for the purpose of accurately measuring shares in the subsidiary.

- ③ The Company's disclosures relating to long-term financial assets are contained in the section entitled "II. Accounting policies" and section III "1. Fixed assets/long-term financial assets" in the notes to the annual financial statements.

Other Information

The executive directors are responsible for the other information. The other information comprises the following non-audited parts of the management report:

- the statement on corporate governance pursuant to § 289f HGB and § 315d HGB included in section "Corporate Governance Statement" of the management report
- the separate non-financial report pursuant to § 289b Abs. 3 HGB and § 315b Abs. 3 HGB.

The other information comprises further the remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited annual financial statements, the audited management report and our auditor's report.

Our audit opinions on the annual financial statements and on the 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 annual financial statements, with the 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 Annual Financial Statements and the Management Report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company'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, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual 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 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 management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual 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 annual financial statements and on the 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 annual financial statements and this 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 annual financial statements and of the 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 controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the 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 of the Company.
- 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 Company'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 annual financial statements and in the 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 Company to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the 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 annual 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

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor by the annual general meeting on May 9, 2019. We were engaged by the supervisory board on December 3, 2019. We have been the auditor of JOST Werke AG, Neu-Isenburg, without interruption since the financial year 2017.

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 Stefan Hartwig.

Frankfurt am Main, March 13, 2020

Pricewaterhouse Coopers GmbH Wirtschaftsprüfungsgesellschaft

[Original German Version signed by]

Stefan Hartwig
Wirtschaftsprüfer

[German Public Auditor]

ppa. Benedikt Goldschmidt
Wirtschaftsprüfer

[German Public Auditor]