



A PART  
OF YOUR  
TRANSPORT  
SOLUTION

**JOST** **TRIDEC** **ROCKINGER** **Edbro**

# **JOST Werke AG**

## **Annual Financial Statements 2018**

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 2018 of the JOST Werke AG.

The Annual Financial Statements and the Management Report of JOST Werke AG for the year 2018 are published in the German Federal Gazette.

The Annual Financial Statements 2018 and the Annual Group Report 2018 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.*

## Appendix I

JOST Werke AG, Neu-Isenburg

### Balance sheet as of December 31, 2018

#### Assets

	31.12.2018	31.12.2017
	€	€
<b>A. Fixed assets</b>		
I. Long-term financial assets		
1. Shares in affiliated companies	706.021.424,48	556.321.424,48
2. Loans to affiliated companies	0,00	402.204,26
	<b>706.021.424,48</b>	<b>556.723.628,74</b>
<b>B. Current assets</b>		
I. Receivables and other assets		
1. Receivables from affiliated companies	22.467,70	207.807,60
2. Other assets	2.645.992,78	1.066.377,67
II. Cash on hand and bank balances	0,00	341.167,67
	<b>2.668.460,48</b>	<b>1.615.352,94</b>
<b>C. Prepaid expenses</b>	<b>705.182,00</b>	<b>329.606,00</b>
	<b>709.395.066,96</b>	<b>558.668.587,68</b>

#### Equity and liabilities

	31.12.2018	31.12.2017
	€	€
<b>Equity</b>		
I. Subscribed capital	14.900.000,00	14.900.000,00
II. Capital reserves	505.628.849,99	528.652.875,81
III. Net retained profit/net accumulated losses	16.390.000,00	7.450.000,00
	<b>536.918.849,99</b>	<b>551.002.875,81</b>
<b>Provisions</b>		
Other provisions	3.074.420,50	2.327.000,00
	<b>3.074.420,50</b>	<b>2.327.000,00</b>
<b>Liabilities</b>		
I. Liabilities to banks	150.354.598,66	74.375,00
II. Trade payables	181.419,35	0,00
III. Liabilities to affiliated companies	18.241.890,60	5.178.523,77
IV. Other liabilities	623.887,86	85.813,10
	<b>169.401.796,47</b>	<b>5.338.711,87</b>
	<b>709.395.066,96</b>	<b>558.668.587,68</b>

## Appendix II

### Income statement for the period from January 1 to December 31, 2018

	2018	2017
	EUR	EUR
1.) Sales revenues	2.138.436,00	638.913,42
2.) Other operating income	64.676,05	81.634.506,00
<b>3.) Gross revenue</b>	<b>2.203.112,05</b>	<b>82.273.419,42</b>
4.) Personnel expenses		
a) Wages and salaries	-3.633.059,28	-2.739.201,18
b) Social security, post-employment and other employee benefit costs	-57.460,45	-20.739,64
	<b>-3.690.519,73</b>	<b>-2.759.940,82</b>
5.) Other operating expenses	-3.541.172,58	-9.058.759,63
6.) Income from long-term loans	15.729,50	23.074,82
of which from affiliated companies €15,729.50 (previous year: 23,074.82)		
7.) Other interest and similar income	1.203,45	22.908,32
of which from affiliated companies €1,203.45 (previous year: €1,898.32)		
8.) Interest and similar expenses	-1.621.643,68	-74.394,86
of which to affiliated companies €-51,793.90 (previous year: €0.00)		
<b>9.) Ergebnis vor sonstigen Steuern</b>	<b>-6.633.290,99</b>	<b>70.426.307,25</b>
10.) Other Taxes	-734,83	574,29
<b>11.) Profit for the year</b>	<b>-6.634.025,82</b>	<b>70.426.881,54</b>
12.) Accumulated losses brought forward	0,00	-83.281.238,91
13.) Withdrawals from capital reserves	23.024.025,82	20.304.357,37
<b>14.) Net retained profit/net accumulated losses</b>	<b>16.390.000,00</b>	<b>7.450.000,00</b>

## Appendix III

### JOST Werke AG, Neu-Isenburg

### Notes to the annual financial statements for fiscal year 2018

#### 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 at 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 Handelsgesetzbuch (German Commercial Code – HGB) as amended by the Bilanzrichtlinie-Umsetzungsgesetz (Accounting Directive Implementation Act – BilRUG), and taking into account the Aktiengesetz (German Stock Corporation Act – 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.

**Borrowings** are recognized at their nominal amount. Impairments are taken into account by means of valuation allowances.

**Receivables, other assets**, and **cash** 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 expenditures 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.

No hedges in accordance with Section 254 HGB are recognized for derivative financial transactions. They are measured at market prices. The resulting unrealized losses are recognized in profit or loss.

**Liabilities** are carried at their settlement amount.

### 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:

	Cost				Depreciation and amortization			Carrying amount 31.12.2018 € thsd.	Carrying amount 31.12.2017 € thsd.
	Balance 01.01.2018 € thsd.	Addition € thsd.	Disposal € thsd.	Balance 31.12.2018 € thsd.	Balance 01.01.2018 € thsd.	Write-up € thsd.	Balance 31.12.2018 € thsd.		
Shares in affiliated companies	556.322	149.700	0	706.022	0	0	0	706.022	556.322
Loans to affiliated companies	402	0	402	0	0	0	0	0	402
<b>Long-term financial assets</b>	<b>556.724</b>	<b>149.700</b>	<b>402</b>	<b>706.022</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>706.022</b>	<b>556.724</b>
<b>Total</b>	<b>556.724</b>	<b>149.700</b>	<b>402</b>	<b>706.022</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>706.022</b>	<b>556.724</b>

The loan extended to the affiliated company Jasion GmbH, Neu-Isenburg, Germany, was repaid in the fiscal year ended.

In the past fiscal year, acquisition costs rose by €149,700,000.00 as a result of the increase in the capital reserves at Jasion GmbH.

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

List of shareholdings JOST Werke AG as of 12/31/2018					
Company	Share held by JOST Werke AG		Equity as of 31.12.2018	Profit/loss 2018	
Shares in affiliated companies			€ thsd.	1)	€ thsd.
				2)	
<b>Jasione GmbH</b> Neu-Isenburg	100,00%	5)	538.878		43.157
<b>JOST-Werke Deutschland GmbH</b> Neu-Isenburg	100,00%	4) 5)	42.611		0
<b>Jost-Werke International Beteiligungsverwaltung GmbH</b> Neu-Isenburg	100,00%	4) 5)	36.326		0
<b>Rockinger Agriculture GmbH</b> Waltershausen / Germany	100,00%	3) 5)	210		-512
<b>Regensburger Zuggabel GmbH</b> Neu-Isenburg	100,00%	4) 5)	-1.121		0
<b>JOST France S.à r.l.</b> Paris / France	100,00%	3) 6)	5.565		1.038
<b>JOST Iberica S.A.</b> Zaragoza / Spain	100,00%	3) 6)	4.265		1.114
<b>Jost Italia S.r.l.</b> Milan / Italy	100,00%	3) 6)	2.450		467
<b>Jost GB Ltd.</b> Bolton / United Kingdom	100,00%	3) 6)	3.690		20
<b>Jost UK Ltd.</b> Bolton / United Kingdom	100,00%	3) 6)	1.282		-1.787
<b>ooo JOST RUS</b> Moscow / Russia	100,00%	3) 6)	1.800		700
<b>JOST Polska Sp. z o.o.</b> Nowa Sól / Poland	100,00%	3) 6)	20.366		5.166
<b>Jost Hungaria Kft.</b> Veszprém / Hungary	100,00%	3) 6)	13.304		2.417
<b>JOST TAT LLC</b> Naberezhnye Chelny / Russia	100,00%	3) 6)	1.488		657
<b>Tridec Holdings B.V.</b> Son / The Netherlands	100,00%	3) 6)	15.896		3.131
<b>Transport Industry Development Centre B.V.</b> Best / The Netherlands	100,00%	3) 6)	5.573		4.606
<b>Tridec Ltda.</b> Cantanhede / Portugal	100,00%	3) 6)	3.873		-35
<b>JOST Achsen Systeme GmbH</b> Calden / Germany	100,00%	4) 5)	25		0
<b>Jost Otomotiv Sanayi Ticaret A.S.</b> Izmir / Turkey	100,00%	3) 6)	921		-186
<b>JOST (S.A.) Pty. Ltd.</b> Chloorkop / South Africa	100,00%	3) 5)	3.834		3.241
<b>JOST Transport Equipment Pty. Ltd.</b> Chloorkop / South Africa	100,00%	3) 5)	7.483		569
<b>Jost Australia Pty. Ltd.</b> Seven Hills / Australia	100,00%	3) 6)	12.960		2.320
<b>Jost New Zealand Ltd.</b> Hamilton, New Zealand	100,00%	3) 6)	288		-163
<b>JOST International Corp.</b> Grand Haven, Michigan / U.S.A.	100,00%	3) 6)	28.184		9.275
<b>Jost (China) Auto Component Co. Ltd.</b> Wuhan, Hubei Province / People's Republic of China	100,00%	3) 6)	21.744		3.946
<b>Jost (Shanghai) Auto Component Co. Ltd.</b> Shanghai / People's Republic of China	100,00%	3) 6)	3.998		1.478
<b>JOST (Shanghai) Trading Co. Ltd.</b> Shanghai / People's Republic of China	100,00%	3) 6)	1.786		1.223
<b>Jost Far East Pte. Ltd.</b> Singapore	100,00%	3) 6)	5.197		2.437
<b>JOST Gigant Auto Components Pte. Ltd.</b> Jamshedpur / India	100,00%	3) 6)	9.278		617
<b>JOST Japan Co. Ltd.</b> Yokohama / Japan	100,00%	3) 6)	333		72
<b>Jost (Thailand) Co. Ltd.</b> Moo, Thailand	100,00%	3) 6)	121		-144
<b>Other long-term equity investments</b>					
<b>JOST Brasil Sistemas Automotivos Ltda.</b> Caxias do Sul / Brazil	49,00%	3) 6)	17.115		6.200

- 1) Translated at the average rate on the closing date
- 2) Translated at the average rate of the year
- 3) Held indirectly via Jasione GmbH
- 4) Held indirectly via Jasione GmbH, after profit transfer agreement
- 5) Data from companies' preliminary single-entity financial statements
- 6) Data from companies' reporting packages compiled 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, Rockinger Agriculture GmbH, Waltershausen, and Jost Achsen Systeme GmbH, Calden, and result from other allocations.

The increase in other assets mainly results from VAT receivables of €2,149,643.52 (previous year: €1,066,335.84) and receivables of €496,076.39 (previous year: €0.00) for interest paid twice.

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 amounted to €705,182.00 (previous year €329,606.00). Of this amount, €298,214.00 concerned payments for an insurance policy to be deferred over subsequent periods. In addition, the discount from the Company's refinancing has been deferred over the term of the promissory note loans and is amortized systematically (see also III. 6. Liabilities to banks).

## **4. Equity**

By resolution of the Company's extraordinary shareholders' meeting held on June 23, 2017, equity was increased by €40,000,000 (thereof €10,000,000 concerning subscribed capital and €30,000,000 concerning capital reserves) through a contribution in kind of a shareholder loan by assignment.

By way of another contribution and assignment agreement dated June 23, 2017, the Company's capital reserves were further increased through a contribution of other shareholder loans by assignment in the aggregate amount of €312,478,924.48.

The reorganization of the GmbH (German private limited company) into an Aktiengesellschaft (German stock corporation) resulted in conversion of the GmbH shares (€25,000) into stock.

According to the resolution of the shareholders' meeting on June 23, 2017, management was authorized, with the approval of the Supervisory Board, to increase the share capital of the Company by up to €5,000,000 on one or more occasions by issuing up to 5,000,000 new shares against cash or non-cash contributions by June 1, 2022 (Authorized Capital 2017). The Company's extraordinary General Meeting held



on July 18, 2017, adopted a resolution to increase the Company's share capital by €4,875,000 from €10,025,000 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 General Meeting also adopted a resolution to create Conditional Capital 2018. The share capital may be increased by up to €7,450,000 by issuing up to 7,450,000 new no-par value bearer shares.

As of December 31, 2018, the Company's subscribed capital amounted to €14,900,000, which is fully paid-up and divided into 14,900,000 no-par value shares.

The capital reserves changed as follows:

<b>Capital reserves</b>	<b>2018</b>	<b>2017</b>
	TEUR	TEUR
Balance on 01/01	528.653	79.728
Allocation by shareholders' meeting	0	342.479
Allocation of new shares in connection with the IPO	0	126.750
Withdrawals during the fiscal year	-23.024	-20.304
Balance on 12/31	505.629	528.653

The free reserves amounted to EUR 378,878,849.99 as of 31 December 2018 (previous year: EUR 401,902,875.81).

Net retained profit/accumulated losses changed as follows:

<b>Net retained profit/net accumulated losses</b>	<b>2018</b>	<b>2017</b>
	TEUR	TEUR
Balance on 01/01	7.450	-83.281
Dividend distribution	-7.450	0
Profit/Loss of the year	-6.634	70.427
Withdrawal from capital reserves	23.024	20.304
Balance on 12/31	16.390	7.450

The previous year's net retained profit included a loss brought forward of €83,281,238.91.

## 5. Provisions

Provisions of €254,000.00 (previous year: €520,000.00) are comprised of provisions for outstanding invoices in connection with legal and advisory costs, costs of preparing the annual financial statements. Personnel-related provisions of €2,124,000.00 (previous year: €1,807,000.00) were also recognized. Provisions of €696,420.50 (previous year: €0.00) were recognized for pending losses from derivatives.

## 6. Liabilities

	<b>Total</b>	<b>Of which due within</b>		
		<b>1 year</b>	<b>&gt; 1 year</b>	<b>Of which more than 5 years</b>
	€	€	€	€
Liabilities to banks	150.354.599	354.599	150.000.000	34.500.000
Trade payables	181.419	181.419	0	0
Liabilities to affiliated companies	18.241.891	18.241.891	0	0
Other liabilities	623.888	623.888	0	0
<b>Total</b>	<b>169.401.796</b>	<b>19.401.796</b>	<b>150.000.000</b>	<b>34.500.000</b>

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

- Liabilities to banks: €74,375.00
- Liabilities to affiliated companies: €5,178,523.77
- Other liabilities: €85,813.10

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 €150m that mature in five and seven years respectively and have both fixed and variable interest rates. In addition to the promissory note loans, the revolving facility was increased from €80m to €150m. The new financing comes with more favorable interest rates for the Group and longer terms.

Compliance with certain financial covenants is only required with regard to the revolving credit line. The liabilities to banks include accrued interest of €354,598.66. In the previous year, liabilities to banks in the amount of €74,375.00 related to commitment fees for the €80 million revolving facility that had not been drawn by the reporting date.

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

Liabilities include €18,241,890.60 (previous year: €5,178,523.77) liabilities to affiliated companies arising from the clearing account with JOST-Werke Deutschland GmbH and other liabilities in the amount of €623,887.86 (previous year: €85,813.10). The other liabilities include liabilities of €505,000.00 arising from the remuneration of the Supervisory Board.

## **7. Financial hedging instruments**

To hedge future interest rate volatilities, the Company entered into four interest rate swaps with a total nominal value of EUR 60,000,000.00, and a maximum term until June 29, 2023, starting from January 1, 2020. The swaps have a negative market value of €696,420.50 as of December 31, 2018 (mark-to-market valuation), for which a provision for onerous contracts has been recognized.

## **IV. Notes to the income statement**

### **1. Sales revenues**

Sales revenues of €2,138,436.00 (previous year: €638,913.42) are exclusively attributable to service agreements with affiliated companies and were generated in Germany.

### **2. Other operating income**

Other operating income mainly comprises income from the use of passenger cars amounting to €59,891.94 (previous year: €27,674.65). Prior-period income of the fiscal year ended concerns income from the reversal of provisions amounting to €3,726.01 (previous year: €222,633.77). In the previous year, this item also included prior-period income from the write-up of input tax claims in the amount of €657,405.79 and from credit notes of the former shareholder in the amount of €319,000.00. Other operating income in the previous year mainly resulted from reversals of impairment losses charged on shares in affiliated companies in the amount of €79,725,000.00 and income from credit notes of the former shareholder Jantinori 2 S.à r.l., Luxembourg, amounting to €1,001,791.79.

### **3. Other operating expenses**

Other operating expenses mainly entail expenses arising in connection with the refinancing (€943,948.12; previous year: €0.00), legal and consulting costs (€889,471.27; previous year: €7,528,360.30), costs of preparing the annual financial statements (€267,667.14; previous year: €900,955.55), costs of hiring staff (€260,543.67; previous year: €0.00) and expenses for Supervisory Board remuneration (€505,000.00; previous year: €254,954.57). The legal and consulting costs of the previous year mainly comprise expenses in connection with the IPO.

### **4. Income from long-term loans**

This item exclusively comprises income from affiliated companies.

### **5. Other interest and similar income**

Other interest and similar income relates to affiliated companies in the amount of €1,203.45 (previous year: €1,898.32). In the previous year, this item also included refunds from the tax office for prior-period interest in the amount of €21,010.00.

### **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 €1,569,849.78. Interest expense with affiliated companies amounted to €51,793.90 (previous year: €0.00). The fiscal year ended includes expenses of €43,032.00 (previous year: €0.00) from the amortization of the discount.

In the previous year, this item mainly comprised bank fees in the amount of €74,375.00.

### **7. Other taxes**

Other taxes mainly relate to vehicle tax (previous year: prior-period VAT).

## **V. Other information**

### **1. Number of employees**

At the reporting date, the Company had 7 employees: three Management Board members and four other employees. Averaged over the year, the Company had 6 employees.

## **2. Management Board**

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  
Chairman of the Management Board  
Chief Executive Officer

- Chairman of the Supervisory Board, Dinex A/S, Middelfart, Denmark (until April 30, 2018)

Joachim Dürr, Diplom-Ingenieur, Dachau (from January 1, 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 (from January 1, 2019)  
Chief Financial Officer

- No posts on supervisory/control bodies

Christoph Hobo, Diplom-Kaufmann, Frankfurt am Main (until December 31, 2018)  
Chief Financial Officer

- 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 supervisory board, Allianz AG, Munich, Germany
- Member of the advisory board, Brückner Technology Holding GmbH, Siegsdorf, Germany
- Chairman of the shareholder committee, Hella KGaA Hueck & Co., Lippstadt, Germany
- Chairman of the supervisory board, Apleona GmbH, Neu-Isenburg, Germany
- Member of the board, TI Fluid Systems plc, England
- Member of the board, PIAB International AB, Täby, Sweden

- Member of the board of directors, Eurochem AG, Zug, Switzerland

Prof. Dr. Bernd Gottschalk (Deputy Chair)

Occupation: Management consultant, Managing Partner of AutoValue GmbH

- Member of the supervisory board, Schaeffler AG, Herzogenaurach, Germany
- Member of the supervisory board, Plastic Omnium S.A., Paris, France
- Member of the advisory board, Plastic Omnium GmbH, Munich, Germany
- Chairman of the advisory board, WOCO Franz Josef Wolf Holding GmbH, Bad Soden-Salmünster, Germany
- Chairman of the advisory board, Faxon 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 economic advisory board, Bankhaus Lampe, Düsseldorf, Germany
- Managing Partner, AutoValue GmbH, Frankfurt, Germany

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

- Member of the board of directors, Veridis Environment Israel Ltd. Herzliya, Israel

Klaus Sulzbach

Occupation: Auditor/tax advisor

- 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 €2,772 thousand (previous year: €2,800 thousand) and total

benefits of the Supervisory Board came to €505 thousand (previous year: €246 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).

## **7. Report on post-balance sheet date events**

No 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, 2018.

## **8. Proposal on the appropriation of profits**

A proposal will be made to the Annual General Meeting to distribute €1.10 per share from the net retained profit of €16,390 thousand shown by JOST Werke AG for the period ended December 31, 2018.

## **9. 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

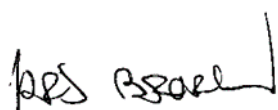


statements in the section of the management report entitled "Takeover-related disclosures".

**10. 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>.


Neu-Isenburg, Germany, March 14, 2019



Lars Brorsen



Joachim Dürr



Dr. Ralf Eichler

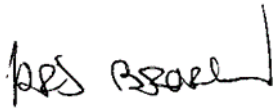


Dr. Christian Terlinde

## 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.

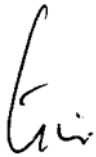
Neu-Isenburg, Germany, March 14, 2019



Lars Brorsen



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 31. December 2018, and the statement of profit and loss for the financial year from 1. January to 31. December 2018, and notes to the financial statements, including the recognition and measurement policies presented therein. 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 1. January to 31. December 2018. 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 31. December 2018 and of its financial performance for the financial year from 1. January to 31. December 2018 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") and 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 1. January to 31. December 2018. 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 are reported as shares in affiliated companies amounting to EUR 706.0 million (99.5% of total assets) under the "Financial assets" balance sheet item in JOST Werke AG's annual financial statements as of 31. December 2018. The carrying amount of the shares in the subsidiary increased during the fiscal year due to a contribution to the subsidiary's capital reserves of EUR 149.7 million.

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 was 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 during our audit.

- ② With respect to the valuation of the shares in the subsidiary as of 31. December 2018, 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 in some cases 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 companies below the level 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 pertaining to investments and their recoverability are contained in the section entitled "Accounting policies" and note 1 "Fixed 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 publication „Annual Group Report 2018 JOST Werke AG“ – 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 4. May 2018. We were engaged by the supervisory board on 21. November 2018. We have been the auditor of the 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 14, 2019

Pricewaterhouse Coopers GmbH Wirtschaftsprüfungsgesellschaft

[Original German Version signed by]

Stefan Hartwig  
Wirtschaftsprüfer

[German Public Auditor]

ppa. Benedikt Goldschmidt  
Wirtschaftsprüfer

[German Public Auditor]