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ANNUAL FINANCIAL STATEMENTS 2020 (HGB)

**DRIVING
GROWTH**

JOST Werke AG

Annual Financial Statements 2020

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 2020 of the JOST Werke AG.

The Annual Financial Statements and the Management Report of JOST Werke AG for the year 2020 are published in the German Federal Gazette.

The Annual Financial Statements 2020 and the Annual Group Report 2020 of the JOST Werke AG can be found in the Investor Relations section of our website at <http://ir.jost-world.com/reports>.

JOST Werke AG, Neu-Isenburg

Balance sheet as of December 31, 2020

Assets

	12/31/2020	12/31/2019
	€	€
A. Fixed assets		
1. Financial assets		
Interests in affiliated companies	706,046,424.48	706,021,424.48
	706,046,424.48	706,021,424.48
B. Current assets		
I. Receivables and other assets		
1. Receivables from affiliated companies	123,511,349.63	2,110,272.18
2. Other assets	98,230.58	116,440.90
	123,609,580.21	2,226,713.08
Deferred income	757,365.17	592,101.00
	830,413,369.86	708,840,238.56

Equity and liabilities		
	12/31/2020	12/31/2019
	€	€
A. Equity		
I. Subscribed capital	14,900,000.00	14,900,000.00
II. Capital reserves	472,442,337.92	480,882,954.90
III. Net retained profits	14,900,000.00	16,390,000.00
	502,242,337.92	512,172,954.90
B. Provisions		
Other provisions	6,353,091.36	6,782,613.33
	6,353,091.36	6,782,613.33
C. Liabilities		
I. Liabilities to banks	309,656,084.00	150,345,300.88
II. Trade payables	233,041.18	155,248.03
III. Liabilities to affiliated companies	11,167,307.65	38,584,876.46
IV. Other liabilities	761,507.75	799,244.96
of which from taxes: € 218,547.62 (€ 229,604.82)		
	321,817,940.58	189,884,670.33
	830,413,369.86	708,840,238.56

**Income statement for the period from January 1 to December 31,
2020**

	2020	2019
	€	€
1.) Sales revenues	1,788,223.00	2,038,897.00
2.) Other operating income	311,079.88	2,198,993.29
3.) Gross revenue for the period	2,099,302.88	4,237,890.29
4.) Personnel expenses		
a) Wages and salaries	-3,948,874.01	-4,719,660.86
b) Social security, post-employment and other employee benefit costs	-87,332.33	-81,171.87
	-4,036,206.34	-4,800,832.73
5.) Other operating expenses	-3,956,965.72	-5,327,300.65
6.) Other interest and similar income	1,706,161.37	81.01
of which from affiliated companies: € 1,706,161.37 (previous year: € 81.01)		
7.) Interest and similar expenses	-5,736,850.62	-2,464,645.01
of which to affiliated companies: € - (previous year: € -288,034.21)		
8.) Taxes on income and profit	42.30	0.00
9.) Profits before taxes	-9,924,516.13	-8,354,807.09
10.) Other taxes	-6,100.85	-1,088.00
11.) Net loss for the year	-9,930,616.98	-8,355,895.09
12.) Profits carried forward from previous year	16,390,000.00	0.00
13.) Withdrawal from capital reserves	8,440,616.98	24,745,895.09
14.) Net retained profits	14,900,000.00	16,390,000.00

JOST Werke AG, Neu-Isenburg

Notes to the annual financial statements for fiscal year 2020

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 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, other assets and cash and cash equivalents 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.

In 2019, the Company introduced a Long-Term Incentive Plan (LTIP) with the intention of allowing selected executives in the JOST Group to participate in the success of the JOST 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 share in comparison to the SDAX index. If the performance of the JOST share is equal to or better than the SDAX, a special payment at the level of 100 % of the value of the JOST share is granted. If the JOST share underperforms the SDAX, a special payment of 20 % of the value of the JOST share is granted. The payment from the virtual shares is limited to three times the initial value (average price of the JOST share during the last 30 trading days before the reference period starts).

From the LTIP, a total of 29,794 virtual shares were granted in 2020 with an initial value of EUR 890 thousand.

The fair value of the virtual shares is calculated using a Monte-Carlo simulation with the following input factors as of December 31, 2020:

	Dec. 31, 2020
JOST share price	EUR 43.10
SDAX index level	14,764.89
Expected volatility JOST	40.38 %
Expected volatility SDAX	23.46 %
Correlation JOST/SDAX	0.6048
JOST dividend yield	1.20 %
Risk-free rate	-0.76 %
Fair value	EUR 30.73

The Monte Carlo simulation takes account of the relative performance of the JOST 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 provisions.

As of December 31, 2020, 164,537 virtual shares with a carrying amount of EUR 2,062,645.05 were outstanding. The expense recognized in the fiscal year amounts to EUR 1,387,025.10. In the reporting period, 10,880 virtual shares were forfeited and none became 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 and by loss carryforwards. 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, 2020

	Cost				Reversals/ amortization			Carrying amounts 12/31/2020 € thousands	Carrying amounts 12/31/2019 € thousands
	Balance 01/01/2020	Additions	Disposals	Balance 12/31/2020	Balance 01/01/2020	Additions	Balance 12/31/2020		
	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands		
Interests in affiliated companies	706,022	24	0	706,046	0	0	0	706,046	706,022
Financial assets	706,022	24	0	706,046	0	0	0	706,046	706,022

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

List of shareholdings JOST Werke AG as of Dec. 31, 2020						
Company	Share of JOST Werke AG		Equity as of December 31, 2020	Result 2020		
Interests in affiliated companies			€ thousands	1)	€ thousands	2)
JOST-Werke VG1 GmbH (being founded) Neu-Isenburg	100.00%	5)	25		0	
Jasione GmbH Neu-Isenburg	100.00%	5)	598,668		34,440	
JOST-Werke Deutschland GmbH Neu-Isenburg	100.00%	4) 5)	42,611		0	
JOST-Werke Asset Management GmbH Frankfurt am Main	100.00%	5)	25		0	
Jost-Werke International Beteiligungsverwaltung GmbH Neu-Isenburg	100.00%	4) 5)	36,326		0	
Rockinger Agriculture GmbH Waltershausen / Germany	100.00%	3) 5)	-999		-453	
JOST France S.à r.l. Paris / France	100.00%	3) 6)	4,174		-1,095	
JOST Iberica S.A. Zaragoza / Spain	100.00%	3) 6)	4,493		839	
Jost Italia S.r.l. Milan / Italy	100.00%	3) 6)	2,773		248	
Jost GB Ltd. Bolton / United Kingdom	100.00%	3) 6)	2,657		-995	
Jost UK Ltd. Bolton / United Kingdom	100.00%	3) 6)	-7,199		-6,047	
ooo JOST RUS Moscow / Russia	100.00%	3) 6)	2,336		558	
JOST Polska Sp. z o.o. Nowa Sól / Poland	100.00%	3) 6)	19,350		3,733	
Jost Hungaria Kft. Veszprém / Hungary	100.00%	3) 6)	13,793		1,749	
JOST TAT LLC Naberezhnye Chelny / Russia	100.00%	3) 6)	1,696		343	
Transport Industry Development Centre B.V. Best / Netherlands	100.00%	3) 6)	-15,691		2,993	
Tridec Ltda. Cantanhede / Portugal	100.00%	3) 6)	4,408		299	
JOST Achsen Systeme GmbH Calden / Germany	100.00%	4) 5)	25		0	
Jost Otomotiv Sanayi Ticaret A.S. Izmir / Turkey	100.00%	3) 6)	1,252		14	
JOST (S.A.) Pty. Ltd. Chloorkop / South Africa	100.00%	3) 5)	4,050		2,795	
JOST Transport Equipment Pty. Ltd. Chloorkop / South Africa	100.00%	3) 5)	7,882		576	
Jost Australia Pty. Ltd. Seven Hills / Australia	100.00%	3) 6)	14,076		1,860	
Jost New Zealand Ltd. Hamilton / New Zealand	100.00%	3) 6)	310		15	
JOST International Corp. Grand Haven / Michigan / U.S.A.	100.00%	3) 6)	33,453		8,018	
Jost (China) Auto Component Co. Ltd. Wuhan, Hubei Province / PR China	100.00%	3) 6)	22,178		4,954	
JOST (Shanghai) Trading Co. Ltd. Shanghai / PR China	100.00%	3) 6)	2,259		307	
Jost Far East Pte. Ltd. Singapore	100.00%	3) 6)	4,260		687	
JOST India Auto Component Pte. Ltd. Jamshedpur / India	100.00%	3) 6)	9,156		-187	
JOST Japan Co. Ltd. Yokohama / Japan	100.00%	3) 6)	441		90	
Jost (Thailand) Co. Ltd. Bangsaotong / Thailand	100.00%	3) 6)	5		-205	
Ålö Holding AB Umeå / Sweden	100.00%	3) 6)	122,850		-2,301	
Ålö Group AB Umeå / Sweden	100.00%	3) 6)	3,666		-30	
Ålö Intressenter AB Umeå / Sweden	100.00%	3) 6)	34,029		-15	

Ålö AB Umeå / Sweden	100.00%	3) 6)	76,110	8,455
Ålö Deutschland Vertriebs-GmbH Dieburg / Germany	100.00%	3) 6)	4,010	689
Alo Danmark A/S Skive / Denmark	100.00%	3) 6)	501	67
Ålö Norge A/S Rakkestad / Norway	100.00%	3) 6)	835	249
Alo UK Ltd. Droitwich / United Kingdom	100.00%	3) 6)	1,272	252
Agroma S.A.S. Blanzac-Les-Matha / France	100.00%	3) 6)	6,003	596
Alo Canada Inc. Vancouver / Canada	100.00%	3) 6)	2,384	271
Alo USA Inc. Elgin, IL / U.S.A.	100.00%	3) 6)	7,098	1,377
Alo Tennessee Inc. Telford, TN / U.S.A.	100.00%	3) 6)	8,534	444
Alo Agricult. Machinery (Ningbo) Co. Ltd. Ningbo / PR China	100.00%	3) 6)	12,267	3,281
Alo Trading (Ningbo) Co. Ltd. Ningbo / PR China	100.00%	3) 6)	2,738	321
Alo Brasil Ltda. Brasil	100.00%	3) 6)	7	-5
Equity investments				
JOST Brasil Sistemas Automotivos Ltda. Caxias do Sul / Brazil	49.00%	3) 6)	11,876	5,736

- 1) Translated at the average rate on the closing date
- 2) Translated at the average rate for the year
- 3) Held indirectly via Jasion GmbH Ltd.
- 4) Held indirectly via Jasion 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

As of the reporting date, a short-term loan to the subsidiary Jost-Werke International Beteiligungsverwaltung GmbH, Neu-Isenburg, of EUR 91,344,939.38 (previous year: EUR 0) is included. The other receivables from affiliated companies relate to receivables from the subsidiaries Jasion 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 EUR 98,230.58 (previous year: EUR 116,440.90).

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 EUR 757,365.17 (previous year EUR 592,101.00). Of this amount, EUR 238,555.00 (previous year: EUR 271,197.00) relates to payments for an insurance policy to be deferred over subsequent periods. In addition, the

discount from the refinancing in 2018 of EUR 234,840.00 (previous year: EUR 320,904.00) is deferred over the term of the promissory note loans and amortized. A loan of EUR 120 million was taken out to finance the acquisition of Ålö Holding AB, Umeå, Sweden, by the subsidiary Jost-Werke International Beteiligungsverwaltung GmbH, Neu-Isenburg. Prepaid expenses include a resulting discount of EUR 216,000.00 (previous year: EUR 0), which is deferred over the term of the loan and amortized (see also 6. Liabilities).

4. Equity

As of December 31, 2020, the Company's subscribed capital was unchanged at EUR 14,900,000, which is fully paid-up and divided into 14,900,000 no-par value bearer shares with a pro rata amount of the share capital of EUR 1.00 each.

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 EUR 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 EUR 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 disappplied 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 EUR 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 EUR 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 EUR 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.

In July 2020, the Annual General Meeting approved the Management Board's proposal to carry forward the net retained profit from fiscal year 2019 to new account.

The capital reserves changed as follows:

Capital reserves	2020	2019
	€ thousands	€ thousands
Balance Jan. 1	480,883	505,629
Withdrawals in the fiscal year	-8,441	-24,746
Balance Dec. 31	472,442	480,883

The free reserves amounted to EUR 345,692,337.92 as of December 31, 2020 (previous year: EUR 354,132,954.90).

Net retained profit changed as follows:

Net retained profits	2020	2019
	€ thousands	€ thousands
Balance Jan. 1	16,390	16,390
Dividend payment	0	-16,390
Net loss for the year	-9,931	-8,356
Withdrawal from capital reserves	8,441	24,746
Balance Dec. 31	14,900	16,390

5. Provisions

The provisions are personnel-related provisions of EUR 4,828,289.32 (previous year: EUR 3,403,319.95), EUR 2,062,645.05 of which are share-based remuneration (previous year: EUR 675,619.95). In addition, provisions of EUR 176,508.66 were established for outstanding invoices in connection with legal and advisory costs as well as costs for preparing the annual financial statements (previous year: EUR 1,806,000.00). In the previous year, they mainly related to outstanding invoices in connection with the acquisition of Ålö Holding AB, Umeå, Sweden. Provisions of EUR 1,348,293.38 (previous year; EUR 1,573,293.38) were recognized for pending losses from derivatives.

6. Liabilities

	Total	Of which with a remaining duration of		Of which more than 5 years
		Up to 1 year	> 1 year	
	€	€	€	€
Liabilities to banks	309,656,084	45,656,084	264,000,000	0
Trade payables	233,041	233,041	0	0
Liabilities to affiliated companies	11,167,308	11,167,308	0	0
Other liabilities	761,508	761,508	0	0
Total	321,817,941	57,817,941	264,000,000	0

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

- Liabilities to banks EUR 345,301
- Trade payables EUR 155,248
- Liabilities to affiliated companies EUR 38,584,876
- Other liabilities EUR 799,245

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

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

In 2018, JOST Werke AG issued promissory note loans with a total value of EUR 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 EUR 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 EUR 656,084.00.

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

On December 19, 2019, the Company concluded a new financing agreement with a banking syndicate for EUR 120 million with a duration of five years in order to finance the acquisition of Ålö Holding AB, Umeå, Sweden. The loan was utilized on January 31, 2020. EUR 6 million was already repaid in the past fiscal year. 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.

Liabilities include EUR 11,167,307.65 (previous year: EUR 38,584,876.46) liabilities to affiliated companies arising from the clearing accounts with JOST-Werke Deutschland GmbH and JOST Achsen Systeme GmbH and other liabilities of EUR 761,507.75 (previous year: EUR 799,244.96). In the previous year, the clearing account with JOST-Werke Deutschland GmbH was used primarily for dividend payments (EUR 16,390,000) to Company shareholders. Other liabilities include liabilities of EUR 542,960.13 (previous year: EUR 565,495.00) 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 EUR 60,000,000.00, and a maximum term until June 29, 2023. The swaps have a negative market value of EUR 1,348,293.38 as of December 31, 2020 (mark-to-market valuation), for which a provision for onerous contracts at the same level has been recognized. This is recognized in provisions.

IV. Notes to the income statement

1. Sales revenues

Sales revenues of EUR 1,788,223.00 (previous year EUR 2,038,897.00) are exclusively attributable to service agreements with affiliated companies and were generated in Germany.

2. Other operating income

The other operating income of EUR 311,079.88 (previous year: EUR 2,198,993.29) in the fiscal year primarily includes income the use of passenger cars of EUR 40,395.88 (previous year: EUR 49,200.45) and prior-period income from the reversal of provisions of EUR 257,200.00 (previous year: EUR 81,966.47). The latter includes the reversal of the provision for pending losses from derivatives (previous year: addition to the provision recognized in other operating expenses).

In the previous year, income from oncharging to the affiliated company Jost-Werke International Beteiligungsverwaltung GmbH of EUR 2,067,439.21 was included. Oncharging related to costs in connection with the acquisition of Ålö, as this took place via Jost-Werke International Beteiligungsverwaltung GmbH.

3. Other operating expenses

These relate primarily to expenses for legal and consulting costs (EUR 573,076.53; previous year: EUR 2,088,268.70), expenses for the long-term bonus program for executives below the Management Board within the JOST Group (LTIP; EUR 1,387,025.10; previous year: EUR 652,311.06), costs for preparing the annual financial statements (EUR 303,931.50; previous year: EUR 178,490.90), expenses for Supervisory Board remuneration (EUR 492,630.84; previous year: EUR 505,086.40), and travel expenses (EUR 32,526.03; previous year: EUR 308,616.91). For information on the expenses for the bonus program, refer to the disclosure about provisions under Accounting policies. The decline in travel expenses is due to reduced travel as a result of the COVID-19 pandemic. The legal and consultancy costs of the previous year primarily comprised expenses in connection with the acquisition of Ålö Holding AB, Umeå, Sweden.

4. Other interest and similar income

Other interest and similar income relates to affiliated companies in the amount of EUR 1,706,161.37 (previous year: EUR 81.01).

5. Interest and similar expenses

In the past fiscal year, interest and similar expenses mainly related to interest in connection with the promissory note loans and the newly borrowed loan in the amount of EUR 5,716,788.62 (previous year: EUR 1,756,376.08). This includes expenses from the amortization of the discount of EUR 140,064.00 (previous year: EUR 86,064.00). In the previous year, this item also included interest expense with affiliated companies (EUR 0; previous year EUR 288,034.21). Loan commitment fees are also included in interest and similar expenses.

6. Other taxes

Other taxes relate to vehicle tax and non-deductible sales taxes from previous years.

V. Other information

1. Number of employees

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

Joachim Dürr, Diplom-Ingenieur, Dachau

Chairman of the Management Board

Chief Executive 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

- 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
- Chairman of the Board, TI Fluid Systems plc, England
- Member of the Board, ACPS Automotive GmbH, Ingersheim, Germany

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, Benteler International AG, Salzburg, Austria
- Member of the Supervisory Board, Plastic Omnium S.A., Paris, France

Natalie Hayday

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

- No other posts on supervisory/control bodies

Rolf Lutz

Occupation: Graduate engineer, retired

- No other posts on supervisory/control bodies

Jürgen Schaubel

Occupation: Consultant, Oaktree Capital Management

- Member of the Supervisory Board, Chairman of the Audit Committee, Optimum Maritime Holding, Limassol, Cyprus
- Member of the Board of Directors, MFD Rail Holding AG, Cham, Switzerland

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 EUR 2,793 thousand (previous year: EUR 3,430 thousand) and total benefits of the Supervisory Board came to EUR 493 thousand (previous year: EUR 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 tax advisory services (mainly the preparation of tax returns, assistance with tax audits).

7. Report on post-balance sheet date events

No 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, 2020.

8. Proposal on the appropriation of profits

A proposal will be made to the Annual General Meeting to distribute EUR 1.00 per share from the net retained profit of EUR 14,900 thousand shown by JOST Werke AG for the period ended December 31, 2020.

9. Declaration of compliance with 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, March 17, 2021



Joachim Dürr



Dr. Ralf Eichler



Dr. Christian Terlinde

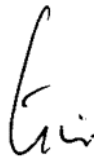
Responsibility statement

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 17, 2021



Joachim Dürr



Dr. Ralf Eichler



Dr. Christian Terlinde

INDEPENDENT AUDITOR'S REPORT

"The following copy of the auditor's report also includes a "Report on the audit of the electronic renderings of the financial statements and the management report prepared for disclosure purposes in accordance with § 317 Abs. 3b HGB" ("Separate report on ESEF conformity "). The subject matter (ESEF documents) to which the Separate report on ESEF conformity relates is not attached. The audited ESEF documents can be inspected in or retrieved from the Federal Gazette."

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 2020, and the statement of profit and loss for the financial year from 1 January to 31 December 2020 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 1 January to 31 December 2020. 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 2020 and of its financial performance for the financial year from 1 January to 31 December 2020 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 Abs. [paragraph] 3 Satz [sentence] 1 HGB [Handelsgesetzbuch: 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 1 January to 31 December 2020. 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 In the annual financial statements of JOST Werke AG shares in the subsidiary Jasione GmbH are reported as shares in affiliated companies amounting to EUR 706.0 million (85.0% of total assets) under the "Financial assets" balance sheet item as at 31 December 2020. Shares in affiliated companies are measured in accordance with German commercial law at the lower of cost respectively fair value. The fair value is calculated using a discounted cash flow model as the present values of the expected future cash flows according to the planning projections prepared by the executive directors. Expectations relating to future market developments and assumptions about the development of macroeconomic factors as well as the expected effects of the ongoing Corona crisis on the business activities of the sub-sidiary are also taken into account. The discount rate used is the individually determined cost of capital. On the basis of the values determined and supplementary documentation, no write-downs were required for the financial year.

The outcome of this valuation 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 used. The valuation is therefore, also against the background of the effects of the Corona crisis, subject to material uncertainties. Against this background and due to the highly complex nature of the valuation and its material significance for the Company's assets, liabilities and financial performance, this matter was of particular significance in the context of our audit

- ② As part of our audit, with respect to the valuation of the shares in the subsidiary as at 31 December 2020 we assessed the methodology used and assessed whether the fair value was appropriately determined using discounted cash flow methods, in compliance with the relevant measurement standards. For this purpose, we assessed whether the underlying future cash flows and the applied costs of capital form, overall, 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. We also evaluated the assessment of the executive directors regarding the effects of the Corona crisis on the business activities of the subsidiary and examined how they were taken into account in determining the future cash flows. In the knowledge that even relatively small changes in the discount rate applied can have material effects on values, we also assessed the parameters used to determine the discount rate applied, and evaluated the calculation model. In addition, a comparison was carried out against the market capitalization and expectations of the analysts of JOST Werke AG.

In our view, taking into consideration the information available, the valuation parameters and underlying assumptions used by the executive directors are appropriate overall for the purpose of appropriately measuring the shares of 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 "statement on corporate governance " of the management report
- the separate non-financial report pursuant to § 289b Abs. 3 HGB and § 315b Abs. 3 HGB

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

Assurance Report in Accordance with § 317 Abs. 3b HGB on the Electronic Reproduction of the Annual Financial Statements and the Management Report Prepared for Publication Purposes

Reasonable Assurance Conclusion

We have performed an assurance engagement in accordance with § 317 Abs. 3b HGB to obtain reasonable assurance about whether the reproduction of the annual financial statements and the management report (hereinafter the "ESEF documents") contained in the attached electronic file JOST_Werke_AG_JA_LB_ESEF-2020-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance engagement only extends to the conversion of the information contained in the annual financial statements and the management report into the ESEF format and therefore relates neither to the information contained within this reproduction nor to any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the annual financial statements and the management report contained in the above-mentioned attached electronic file and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the above-mentioned electronic file beyond this reasonable assurance conclusion and our audit opinion on the accompanying annual financial statements and the accompanying management report for the financial year from 1 January to 31 December 2020 contained in the "Report on the Audit of the Annual Financial Statements and on the Management Report" above.

Basis for the Reasonable Assurance Conclusion

We conducted our assurance engagement on the reproduction of the annual financial statements and the management report contained in the above mentioned attached electronic file in accordance with § 317 Abs. 3b HGB and the Exposure Draft of IDW Assurance Standard: Assurance in Accordance with § 317 Abs. 3b HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (ED IDW AsS 410) and the International Standard on Assurance Engagements 3000 (Revised). Accordingly, our responsibilities are further described below in the “Auditor’s Responsibilities for the Assurance Engagement on the ESEF Documents” section. Our audit firm has applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic reproduction of the annual financial statements and the management report in accordance with § 328 Abs. 1 Satz 4 Nr. 1 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The executive directors of the Company are also responsible for the submission of the ESEF documents together with the auditor's report and the attached audited annual financial statements and audited management report as well as other documents to be published to the operator of the German Federal Gazette [Bundesanzeiger].

The supervisory board is responsible for overseeing the preparation of the ESEF-documents as part of the financial reporting process.

Auditor's Responsibilities for the Assurance Engagement on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance engagement. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance conclusion.
- Obtain an understanding of internal control relevant to the assurance engagement on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance conclusion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU)

2019/815 in the version applicable as at the balance sheet date on the technical specification for this electronic file.

- Evaluate whether the ESEF documents enables a XHTML reproduction with content equivalent to the audited annual financial statements and to the audited management report.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor by the annual general meeting on 1 July 2020. We were engaged by the supervisory board on 2 December 2020. 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 17, 2021

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft

[Original German Version signed by]

Stefan Hartwig
Wirtschaftsprüfer

ppa. Richard Gudd
Wirtschaftsprüfer

[German Public Auditor]

[German Public Auditor]