JOST

ROCKINGER

TRIDEC

Quicke

Annual Group Report 2022

DRIVING PERFORMANCE

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JOST FACTS & FIGURES 2022

→ €1,265 million sales

→ 3,602 employees

→ €124 million adjusted EBIT

→ 20 production sites

→ 9.8 % adjusted EBIT margin

→ –15 % CO_2 emission reduction per production hour

→ €5.41 adjusted earnings per share

→ 41 patent applications

→ 1.28x leverage ratio

→ –6 % waste reduction per production hour

JOST AT A GLANCE

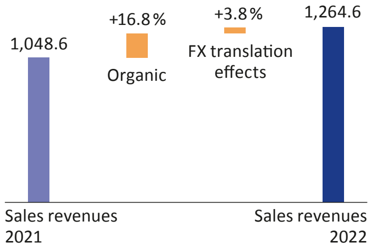
Selected key figures

in €million	2022	2021	Change
Consolidated sales	**1,264.6**	**1,048.6**	**20.6 %**
thereof: Sales, Europe	695.5	618.2	12.5 %
thereof: Sales, North America	396.3	259.0	53.1 %
thereof: Sales, Asia-Pacific-Africa (APA)	172.8	171.4	0.8 %
Adjusted EBITDA[1]	154.5	133.4	15.8 %
Adj. EBITDA margin (%)	12.2 %	12.7 %	–0.5 %-points
Adjusted EBIT[1]	123.8	104.8	18.1 %
Adj. EBIT margin (%)	9.8 %	10.0 %	–0.2 %-points
Equity ratio (%)	35.9 %	31.2 %	4.7 %-points
Net debt[2]	197.4	193.9	1.8 %
Leverage[3]	1.28x	1.45x	–12.1 %
Liquid assets	80.7	87.5	–7.8 %
Capex[4]	32.3	20.1	60.5 %
ROCE (%)[5]	18.3 %	16.6 %	1.7 %-points
Free cash flow[6]	23.7	33.3	–28.8 %
Cash conversion rate[7]	0.3	0.5	–39.0 %
Profit after taxes	59.8	43.9	36.4 %
Earnings per share (in €)	4.02	2.94	36.7 %
Proposed dividend (€ per share)	1.40	1.05	33.3 %
Adjusted profit after taxes[8]	80.6	69.1	16.8 %
Adjusted earnings per share (in €)[9]	5.41	4.63	16.8 %

1 Adjustments for PPA effects and exceptionals
2 Interest bearing loans (excl. accrued financing costs) – liquid assets
3 Net debt/LTM adj. EBITDA
4 Gross presentation (capex; without taking into account divestments)
5 LTM adj. EBIT/interest-bearing capital employed; interest-bearing capital: shareholders' equity + financial liabilities (except for refinancing costs) – liquid assets + provisions for pensions
6 Cash flow from operating activities – capex
7 Free cash flow/adjusted profit after taxes
8 Profit after taxes adjusted for exceptionals in accordance with note 7
9 Adjusted profit after taxes/14,900,000 (number of shares as of December 31)

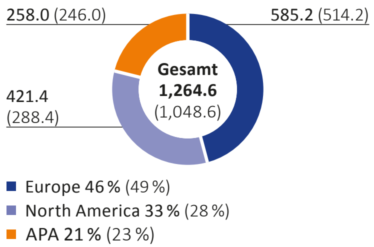
Organic sales development

2022, in € million



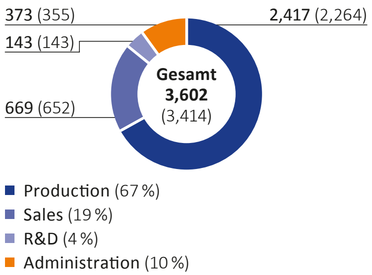
Regional sales by destination

2022 (2021), in € million



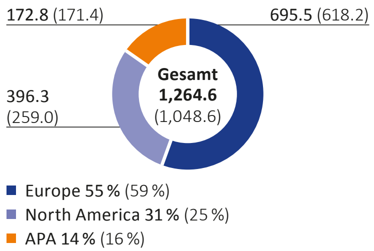
Employees by function

as of 31 Dec 2022 (as of 31 Dec 2021)



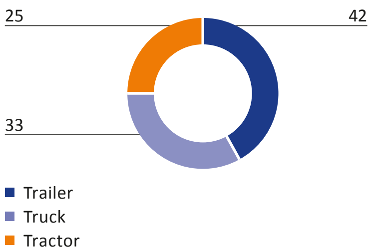
Regional sales by origin

2022 (2021), in € million



Sales by application

2022, in %



Sales by customer type

2022, in %

JOST is a leading global producer and supplier of safety-critical systems for the commercial vehicle industry with its core brands

JOST ROCKINGER TRIDEC Quicke

JOST's global leadership position is driven by the strength of its brands, its long-standing client relationships serviced through its global distribution network, and its efficient and asset-light business model. With sales and production facilities in 26 countries across six continents, JOST has direct access to all major truck, trailer and agricultural tractor manufacturers as well as relevant end customers in the commercial vehicle industry.

JOST currently employs more than 3,602 staff across the world and has been listed on the Frankfurt Stock Exchange.

STRONG SOLUTIONS

JOST Werke AG's portfolio of strong brands comprises an extensive range of systems and components for the transport and agriculture industry

TRANSPORT

JOST

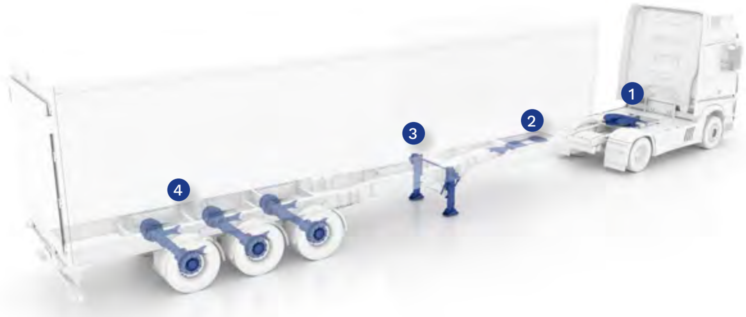
1. Fifth wheel couplings
2. King pins
3. Landing gears
4. Truck and trailer axles
5. Hubodometers
6. Ball bearing turntables
7. Container technology

TRIDEC

8. Steering systems
9. Axle suspensions

ROCKINGER

10. Towing hitches
11. Drawbars and towing eyes



AGRICULTURE

Quicke

12. Front loaders and implements

ROCKINGER

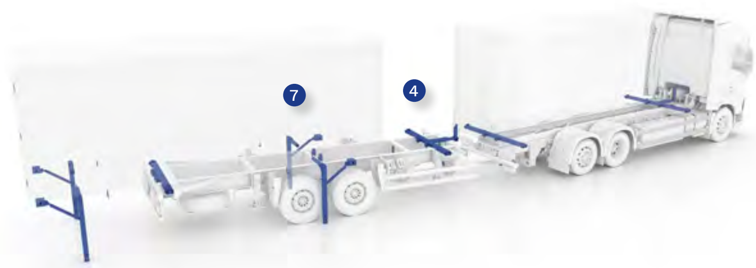
13. Towing systems
14. Drawbars and towing eyes

TRIDEC

15. Axle suspensions

JOST

16. Ball bearing turntables



OUR **STRONG** BRANDS

JOST

Products for trucks and trailers

The JOST core brand offers traditional products for truck and trailer manufacturers, including fifth wheel couplings and landing gears as well as container equipment and axle systems. Based on these proven core products, we have developed systems that automate, control and monitor activities that previously had to be carried out manually. Sensor-controlled solutions make these operations not only easier and safer but also more efficient.

www.jost-world.com

TRIDEC

Steering systems and axle suspensions

Over the years, TRIDEC systems have been used for a wide range of applications on all kinds of terrain and in all conceivable weather conditions. They are designed and built for reliability and quick and easy maintenance. There are currently over 50,000 TRIDEC systems on the world’s roads. TRIDEC has been part of JOST since 2008.

www.tridec.com

ROCKINGER

Products for commercial vehicles, agriculture and forestry

Regularly voted the “best towing hitches brand” by end-customers, the established ROCKINGER brand offers a broad range of reliable, high-quality products including standard towing hitches and sensor- and remote-controlled comfort-couplings. As well as products for road use, the ROCKINGER production portfolio includes towing hitches for agriculture and forestry. ROCKINGER has been part of the JOST World since 2001.

www.rockinger-agriculture.com

Quicke

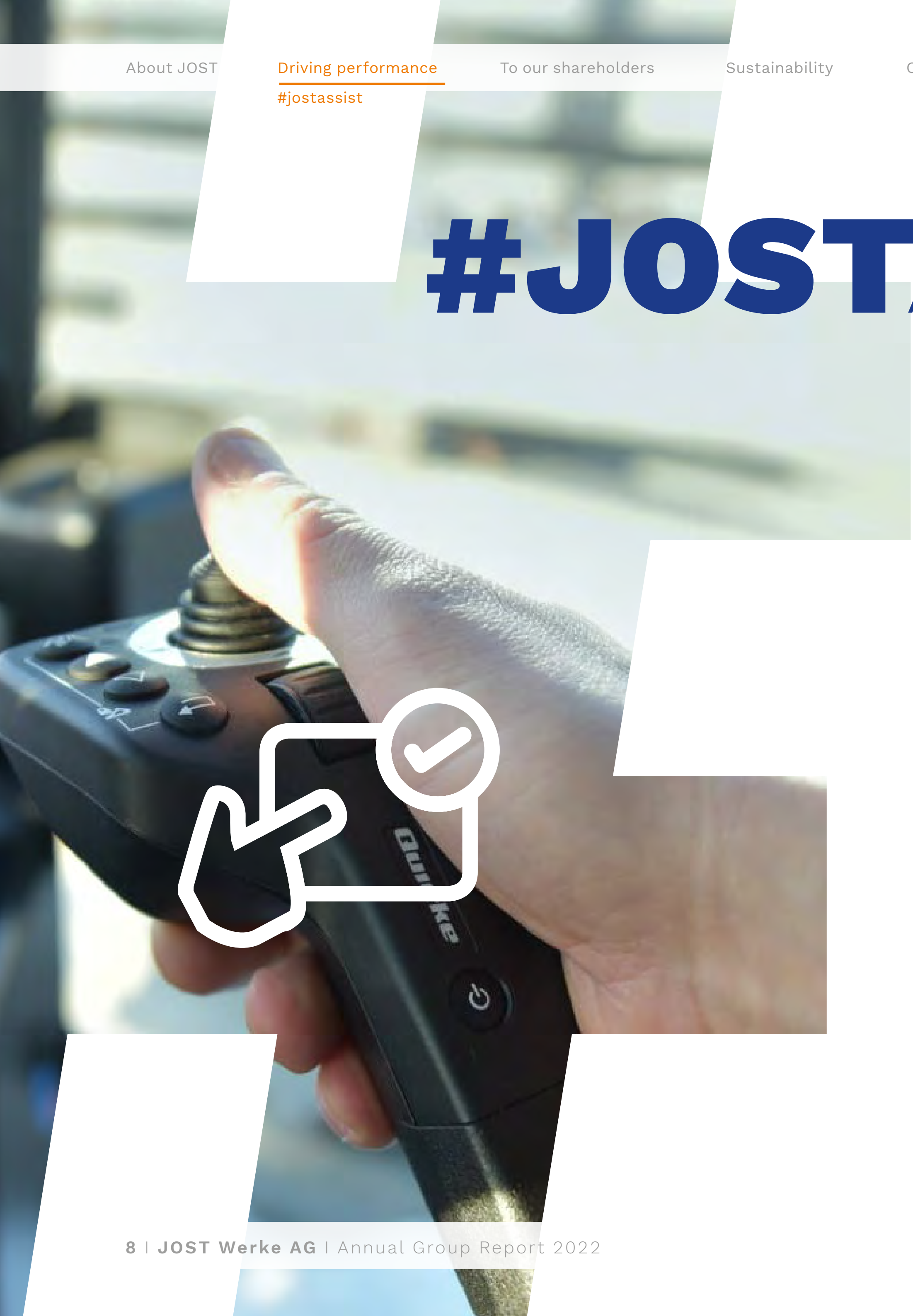
Front loaders and implements

Ålö has been developing and manufacturing high-quality front loaders and implements under the Quicke brand since 1949. Quicke has earned a reputation as an innovator and is recognized as one of the driving forces behind the modernization and digitalization of the agricultural industry. With a motto that urges customers to “work smarter, not harder”, and products designed to make applications easier and more efficient for users, Quicke is well on its way to becoming a one-stop manufacturer of front loaders and associated implements. Ålö has been part of the JOST World since 2020.

www.quicke.uk.com

DRIVING PERFORMANCE

For 70 years, the daily pursuit of excellence in our products, systems and processes has been an integral part of the JOST company DNA. Our uncompromising focus on service and quality has driven our competitiveness and the success of our transport and agriculture solutions worldwide. We want to build on these achievements, and use innovative and sustainable solutions to inspire our customers with new JOST products.



#JOSTASSIST

OUR CUSTOMERS HAVE CHALLENGING JOBS – AND WE MAKE THEM EASIER WITH THE HELP OF OUR PRODUCTS AND SYSTEMS. MODERN SAFETY TECHNOLOGY AND SMART ASSISTANCE SYSTEMS WORK TO ACHIEVE EVEN GREATER EFFICIENCY AND SAFETY IN TRANSPORT AND AGRICULTURE.

King Pin Finder: fifth wheel with integrated camera for safe coupling

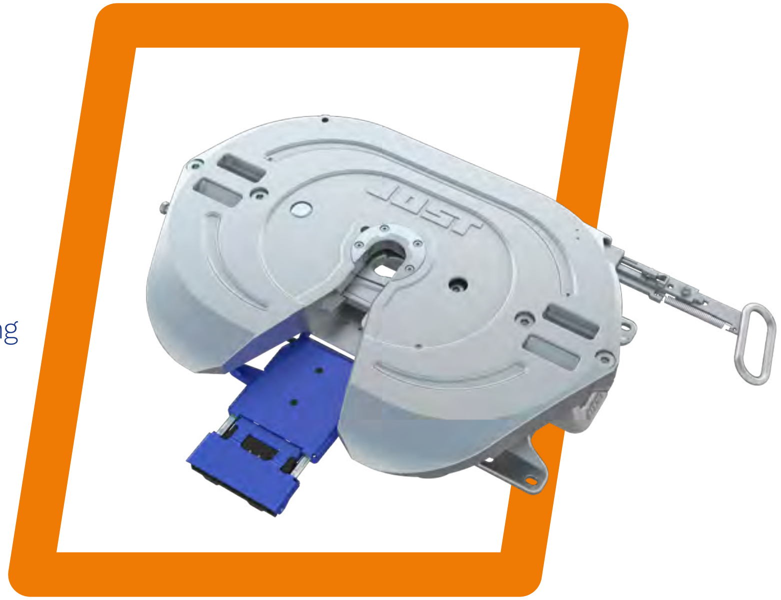
The new JOST King Pin Finder is the only coupling assistance system of its kind in the world. A camera integrated into the fifth wheel aids the coupling procedure with high-quality live video streamed to the dashboard in the driver's cab. While backing up, this assistance system helps the driver to find the right coupling height and align the tractor unit perfectly. In this way, the King Pin Finder makes coupling much easier. Easy-to-use controls guide drivers through the semitrailer switching maneuver, avoiding accidents and damage not only to the fifth wheel and kingpin but also to the tractor and trailer.

Making agriculture more productive and efficient – Quicke Controls System (QCS)

The reliable and innovative hardware in the Quicke Controls System (QCS) makes all front loader jobs easier. Operators in the cockpit can use simple joystick controls that optimize their workload with the automation of routine tasks and material weighing, plus targeted fine adjustments to tools. Field harvesting and clearing, as well as livestock feeding work, can be completed with just a single fingertip. Data are collected speedily and smartly, and uploaded to the cloud as required. Because that is the Quicke philosophy: "Work smarter, not harder!"

THE KKS AUTOMATIC COUPLING SYSTEM

The KKS automatic coupling system is an important building block for autonomous driving – and therefore for the future of logistics.



DRAWBAR FINDER

The ROCKINGER Drawbar Finder also makes coupling easy. With a protected camera placed centrally over the towing hitch – like a "third eye" for the driver – there's no chance of the towing eye shifting.

DRAWBAR FINDER: camera solution for perfect coupling

The visual guidance provided along both axes, horizontal and vertical, ensures precise coupling that improves efficiency while helping avoid accidents. Drivers no longer need to leave the cab to check that the towing eye is in position. So this is a practical coupling tool that is especially useful when working with rigid drawbar trailers.

KKS – automatic remote control and monitoring of trailer switching from start to finish

The smart and automated KKS coupling system gives drivers a way to couple and uncouple their semitrailer from the comfort of the driver's cab: remotely, automatically, quickly and safely. Drivers no longer need to climb down out of the cab or wind up the landing gear, or connect up the spiral cables and air lines by hand. At the touch of a button, switching trailers becomes efficient, straightforward and safe.

TRIDEC TRITRONIC: remote control for hydraulic steering, suspension, and more

TRITRONIC, the Trailer Management System with remote control from TRIDEC, offers an outstanding level of functionality and safety for heavy truck transport. Specialized tow vehicles are often equipped with hydraulic steering. Due to their extreme dimensions, subsequent maneuvering is often needed, which can be completed easily and automatically with the TRITRONIC remote control.

#JOSTGREEN

ALL OF US WANT TO LIVE IN A WORLD THAT IS HEALTHY, GREEN AND SUSTAINABLE. WITH ITS PRODUCTS AND GREEN INITIATIVES, JOST IS HELPING TO ACHIEVE THE GOAL OF MAKING TRANSPORT AND AGRICULTURE MORE ENVIRONMENTALLY FRIENDLY.

An important role is played here by weight-optimized products, such as our lightweight fifth wheel couplings or the new DCA WEIGHTMASTER *PLUS* trailer axle.

As another example, our bio-degradable high-performance lubricant significantly cuts down on grease as a source of pollution. And every day, we're looking to make our production more sustainable.

JOST targets sustainable production

Corporate social responsibility is a prerequisite for achieving sustained commercial success in the international market. It is therefore vital to maintain a link between economic value creation on the one hand, and ecological and social responsibility on the other.

Alongside our sustainable product lines, we have also started equipping JOST production facilities with rooftop solar power. As a result, JOST's production is now almost carbon-free in Portugal and Turkey. Other sites are due to follow.

JOST has committed to halving carbon emissions per production hour by 2030 compared with 2020. This will be a small but vital contribution to improving the ecological footprint of our products.

JOST modular landing gear family: maintenance-free, low-weight landing legs

Lighter products result in reduced emissions and higher transport capacities. JOST landing gear is exceptionally versatile and has proved its worth in day-to-day use on millions of occasions. The flexible, modular design allows it to be adapted to any customer requirement – from standard applications through to specialist usages. The new aluminum landing legs have been developed for vehicles where the focus is on a low weight and infrequent coupling/decoupling. The CA module is another especially lightweight aluminum landing gear with a new standard support and a weight of 41 kg.

TRIDEC EF-S+: steering system with more features and energy savings

EF-S+ can be used to fit a steering knuckle steering system to semitrailers with a very low gooseneck. Thanks to its weight advantage, minimal installation space required and rapid fitting, the system is also used with low loaders. EF-S+ offers six additional hydraulic functions or up to twelve electronic functions in just one remote control. The system can also be upgraded with a soft-start mode, which ensures hydraulic movements become even smoother and more accurate.

DCA WEIGHTMASTER *PLUS*

The new weight-optimized axle: JOST's DCA WEIGHTMASTER *PLUS* made its debut IAA 2022. The lightest axle in its class was developed with the aim of reducing emissions, conserving resources and maximizing efficiency.

TRIDEC EF-S+

Our TRIDEC steering systems reduce tire wear and fuel consumption.

#JOSTDIGITAL

WHAT DO WE MEAN WITH #JOSTDIGITAL? PROVIDING OUR CUSTOMERS AND BUSINESS PARTNERS WITH UP-TO-DATE, RELEVANT AND USEFUL INFORMATION – ON ANY DEVICE, WORLDWIDE AND 24 / 7.

Multichannel digital support from JOST

Around the world, around the clock: For decades, we have maintained strong business relationships with our customers worldwide. And we're very proud to have done so! Wherever the location and whatever the country, our team of field sales staff provide dependable and made-to-measure support for our clients and their specific use cases. We supplement this important and personal level of customer support with our wide range of on-demand digital services.

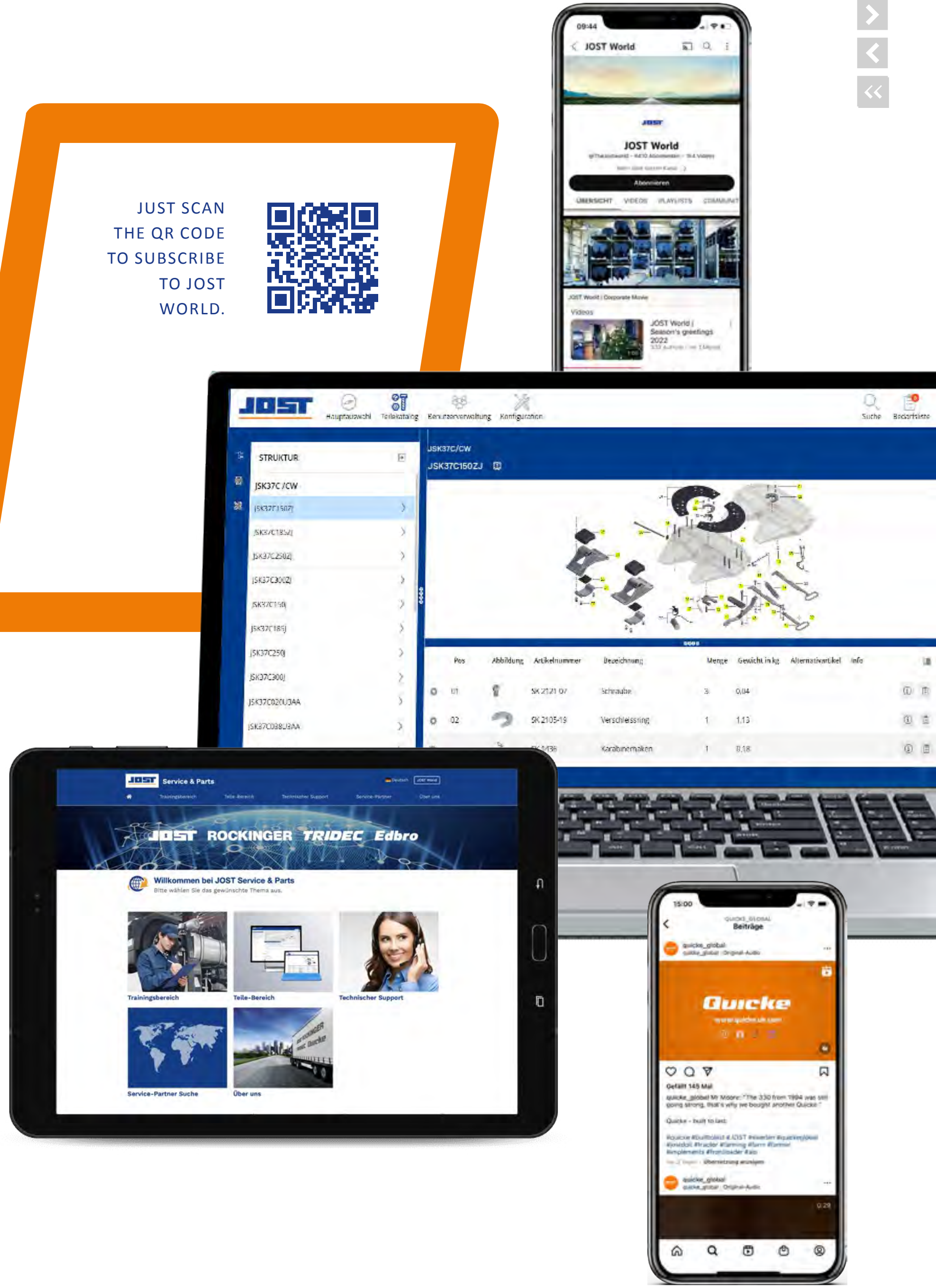
If a customer needs a spare part, this can be quickly found in the exploded views provided on the JOST Portal or in our e-catalog. Vehicle repair shops can replace a lost paper copy of a repair or assembly guide simply by visiting the jost-world.com website and downloading a PDF for the specific JOST product. We also offer a range of informative training videos. When a service is due, customers can simply consult our online list of global partners. Our JOST Truck Stop video series also provides our repair shops, partners and drivers with regular, up-to-date information and practical tips from the world of JOST products. All of our most recent international communications can also be found on our LinkedIn, Facebook and YouTube channels.

Practical tips
and
helpful information

JOST PORTAL

The JOST Portal is our new online parts finder that makes locating a specific JOST product even easier.

JUST SCAN THE QR CODE TO SUBSCRIBE TO JOST WORLD.



Best-in-class service and user-friendliness

Visitors can locate these articles by using either the streamlined tile structure or the new and improved search tool. This new search functionality means parts can be now found by part number, serial number or product name. Customers are also provided with key items of information that include product descriptions, assembly and operator manuals, drawings, photos and videos. Articles can also be added to a requirements list, which can then be sent by email. The JOST portal is initially available in English and German, with more languages and product areas to be added later.

The JOST Portal expands the existing online parts finder to include JOST fifth wheels and landing gear, as well as ROCKINGER towing hitches.

#PERFORMANCE FOR 70 YEARS

JOST – FROM WORKSHOP TO GLOBAL PLAYER: FROM ITS BEGINNINGS AS A TYPICAL POST-WAR SUCCESS STORY, JOST IS NOW CELEBRATING ITS 70TH ANNIVERSARY IN 2022.

It's the early 1950s in Neu-Isenburg – and Hans Breuer and Joseph Steingass have got together to design fifth wheel couplings made from cast steel. Very quickly, the former forge for ball bearing turntables is transformed into a highly successful company that has remained the market leader in this segment ever since.

An important part of the JOST success story was its decision to expand into international markets, which started as early as the 1960s. Today, JOST operates production facilities and sales offices all over the world. JOST has been listed on the Frankfurt Stock Exchange as JOST Werke AG since 2017. The world of JOST now consists of the four leading brands JOST, ROCKINGER, TRIDEC and Quicke, and the Group has become a trusted global name for the production and supply of safety-relevant systems for the utility vehicle sector.

Just as the company headquarters in Neu-Isenburg still stands on the foundations of the former forge, JOST also owes its success to characteristics that are still as much a part of the company DNA as they were when it was first founded: engineering excellence and quality for the products the market needs, paired with flexibility and a get-up-and-go spirit.

#70YEARSJOST

1952

It's the early 1950s in Neu-Isenburg – and Hans Breuer and Joseph Steingass are ready and raring to go. In 1952, they set up a factory for ball bearing turntables. Inspired by the semitrailer trucks they see the US troops using in Frankfurt, they start designing fifth wheel couplings made from cast steel. After filing for a patent in 1955, the first offices at the JOST factory are constructed in 1958.

1960

The factory in Neu-Isenburg is granted general type approval for fifth wheel couplings – the product for which JOST is still best-known worldwide. The former ball bearing turntable forge is transformed into a successful company that remains the fifth wheel market leader to this day. The first international production facilities are set up in South Africa and the UK.

1990

JOST expands into other global markets and forms JOST Far East in Singapore, plus foreign subsidiaries in Brazil, China and Hungary. Container systems and swap bodies are added to the product portfolio. The "Factory 2000", producing fifth wheels and kingpins, is completed in Neu-Isenburg.

1952

2022

2017

JOST Werke AG goes public. JOST Werke AG shares have been traded in the Prime Standard segment of the Frankfurt Stock Exchange since July 20, 2017. This additional capital provides JOST with the means for further growth. A few months later, the shares are admitted to the SDAX.

2019

The next generation: after 20 years at the helm, CEO Lars Brorsen hands over to Chief Sales Officer Joachim Dürr. The acquisition of Ålö Holding AB, a leading international maker of Quicke-branded agricultural front loaders, marks the biggest takeover in JOST's history.

2022

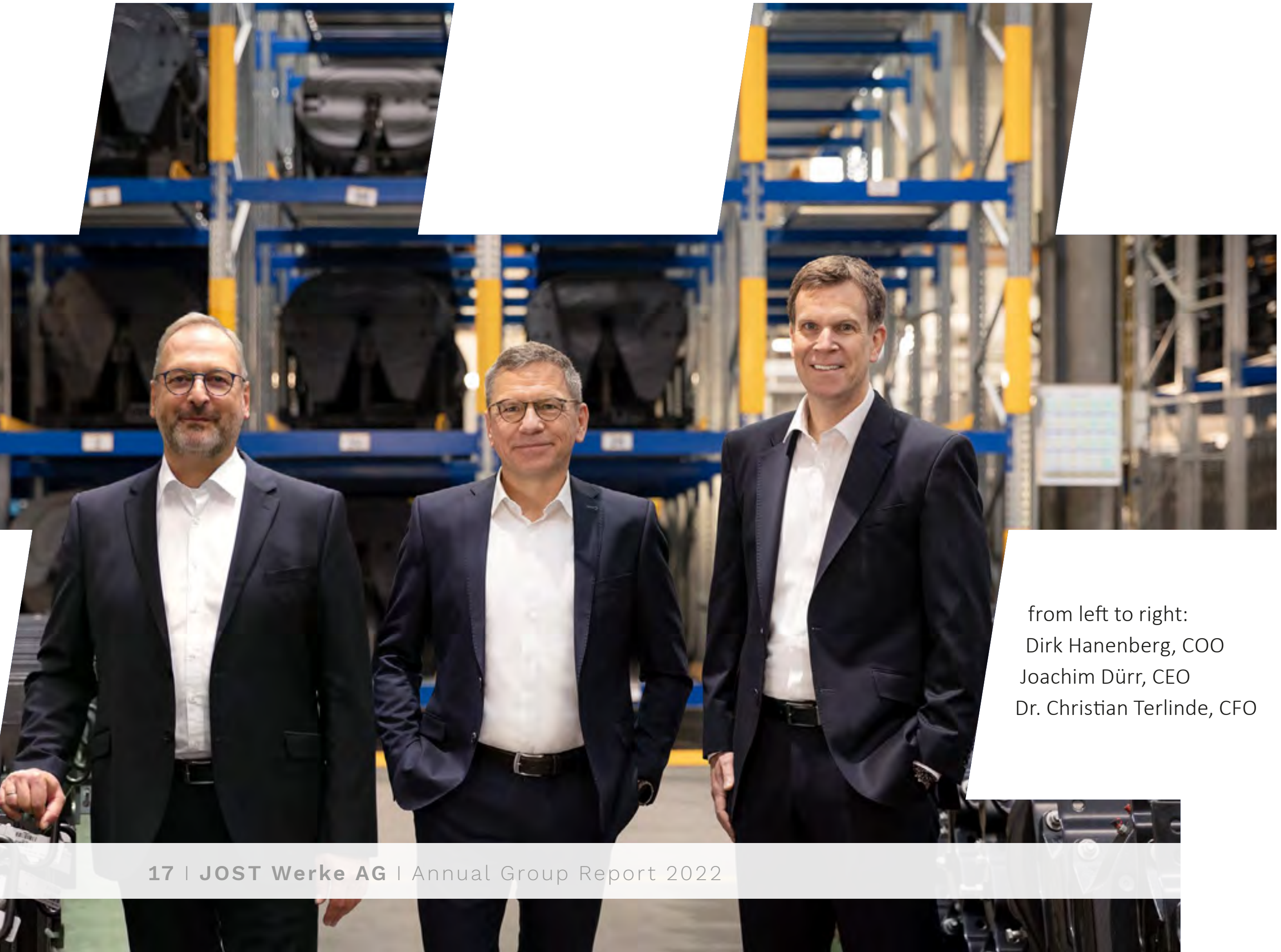
In 2022, JOST begins building a new production plant for manufacturing agricultural components in Chennai, India. It is due to be commissioned in the third quarter of 2023.

2022

JOST celebrates its 70th anniversary at its headquarters in Neu-Isenburg. With its JOST, ROCKINGER, TRIDEC, and Quicke brands, the company has established itself as a global market leader for the utility vehicle industry.

TO OUR SHAREHOLDERS

INTERVIEW WITH THE EXECUTIVE BOARD



from left to right:
Dirk Hanenberg, COO
Joachim Dürr, CEO
Dr. Christian Terlinde, CFO

Mr. Dürr, how satisfied are you with the company's performance in 2022?

JOACHIM DÜRR: I'm very satisfied with the performance we achieved. We managed to generate record sales and earnings in a highly challenging market environment – an outstanding way to mark the 70th year of JOST's history.

The results speak for themselves. In 2022, we grew sales by 21% to €1.27bn and increased adjusted EBIT by 18% to €124m. Despite high levels of inflation, rising energy costs, supply bottlenecks and unexpected geopolitical uncertainty, we were able to generate an adjusted EBIT margin of 9.8% in 2022.

We want our shareholders to participate in this success. Thus, we are proposing to the Annual General Meeting that the dividend be increased from €1.05 to €1.40 per share.

Dr. Terlinde, how strong was the company's financial performance during the 2022 fiscal year?

DR. CHRISTIAN TERLINDE: We generated profit of €60m, the highest in JOST's history so far. Another pleasing development in 2022 was the successful placement of our first-ever ESG-linked promissory note with a total volume of €130m. The interest rate is

“EFFECTIVE AND EFFICIENT WORKING IS A KEY FACTOR IN JOST’S SUCCESS. WE NEED TO WORK HARD TO ENSURE THAT WE MAINTAIN THAT FLEXIBILITY IN THE FUTURE.“
DIRK HANENBERG

DIRK HANENBERG, CHIEF OPERATING OFFICER

BORN IN 1966, SINCE SEPTEMBER 2022 MEMBER OF THE EXECUTIVE BOARD OF JOST WERKE AG. RESPONSIBLE FOR PROCUREMENT, PRODUCTION, LOGISTICS, QUALITY AND INDUSTRIAL ENGINEERING

linked not only to the development of the EURIBOR but also to the achievement of ESG targets such as reducing carbon emissions. This reinforces our commitment to sustainability in the context of the Group’s financing.

We improved our leverage further from 1.45x to 1.28x. Although working capital increased considerably due to robust growth in business volume and higher inventories compared to the previous year, we were able to generate a positive free cash flow of €+24m and kept the ratio of working capital to sales below the 20% mark at 19.2%.

Mr. Hanenberg, you were appointed to the Executive Board in September 2022. What are your first impressions of JOST?

DIRK HANENBERG: JOST is a strong, sales-oriented company whose incredible proximity to its customers sets it apart from the competition. We serve both major OEM customers and small aftermarket suppliers and work hard to ensure that all of our customers, regardless of size, are satisfied with our products and services. We are very asset light and lean. I have rarely seen a company work so effectively and efficiently. That is a key factor in JOST’s success. We need to work hard to ensure that we maintain that flexibility in the future.

But what has impressed me most is the people who work here. They want to generate sales. They want JOST to be successful. They fight for every order, and it’s a joy to witness that. The tremendous expertise that has grown and found a home in this company over the past seven decades is the cornerstone of its success to date, and it’s incredibly fun to work with a team like that.

What are your expectations for 2023? Where will the company’s focus lie?

JOACHIM DÜRR: We made a strong start to 2023. The outlook for our sectors remains very robust despite the geopolitical and economic uncertainty. 2022 was the best year in JOST’s history to date, and we want to build on that and continue growing. We expect consolidated sales to increase in the low single-digit percentage range in 2023 compared to 2022.

We will continue to develop new agricultural markets – our new plant in India will become operational in the third quarter of 2023, and we expect to serve new agricultural customers in Asia from as early as the fourth quarter of 2023. At the same time, we are actively looking to identify new growth opportunities in Latin America and I am confident that we will soon enter this important agricultural market.

We will also grow our transport business in 2023. We will continue to strengthen our market position and impress new customers with our innovative products. I see good growth opportunities here, particularly in North America and the Asia-Pacific-Africa region. In Europe, the aim will be to compensate for the increase in purchase prices over the past year, particularly for energy and metal components.

DIRK HANENBERG: One important operations task for 2023 is to put the new plant in India into operation as planned. We will also work on expanding our plants in North America. After experiencing highly dynamic growth in the region in recent years, we want to increase our production capacity to make sure we are equipped for future growth.

Even taking these plans into account, our investments for 2023 will still amount to around 2.5% of sales.

We will also continue to invest in energy efficiency and reducing carbon emissions. For the past two years, JOST has been working on a program designed to help us to cut carbon emissions by 50% by 2030. In 2022 alone, we were able to reduce our energy consumption by 6% year-over-

JOACHIM DÜRR, CHIEF EXECUTIVE OFFICER

BORN IN 1964, MEMBER OF THE EXECUTIVE BOARD OF JOST WERKE AG SINCE JANUARY 2019 AND CHAIRMAN SINCE OCTOBER 2019, RESPONSIBLE FOR SALES, STRATEGY AND BUSINESS DEVELOPMENT, RESEARCH AND DEVELOPMENT, HUMAN RESOURCES, MARKETING AND COMMUNICATION

“2022 WAS THE BEST YEAR IN JOST’S HISTORY TO DATE, AND WE WANT TO BUILD ON THAT AND CONTINUE GROWING.“
JOACHIM DÜRR

"IN 2022, WE DID A GREAT DEAL TO OPTIMIZE AND DIGITALIZE OUR ADMINISTRATIVE PROCESSES. THESE CONSISTENT GLOBAL IT STRUCTURES ALLOW US TO MANAGE THE GROUP EVEN MORE EFFECTIVELY."
DR. CHRISTIAN TERLINDE

DR. CHRISTIAN TERLINDE, CHIEF FINANCIAL OFFICER

BORN 1972, MEMBER OF THE EXECUTIVE BOARD OF JOST WERKE AG SINCE JANUARY 2019, RESPONSIBLE FOR FINANCE, IT, INTERNAL AUDIT, INVESTOR RELATIONS, ESG AND LEGAL & COMPLIANCE

year via this program, and lowered our Scope 1 and Scope 2 carbon emissions by 9% compared to 2021. These are real, technical changes to our production that are delivering substantial savings. In 2022, we also began installing solar panels on the rooftops of our plants and will expand these plans in 2023. We are committed to tackling climate change and want to help our customers to become carbon neutral.

DR. CHRISTIAN TERLINDE: Like sales, adjusted EBIT and adjusted EBITDA are also projected to grow in the low single-digit percentage range in 2023, with the adjusted EBIT margin set to increase slightly compared to 2022.

On the financial side, we will be focusing on working capital in particular in 2023. Having already observed an improvement in supply bottlenecks across the world at the end of 2022, the need for higher levels of safety stock is currently decreasing. Our task now is to reduce working capital compared to the previous year and, in doing so, increase our free cash flow. We will also continue to reduce our debt level and improve our leverage ratio to ensure that we are financially prepared for further growth.

In 2022, we did a great deal to optimize and digitalize our administrative processes. These consistent global IT structures allow us to manage JOST even more effectively. We will continue and expand the program we have already initiated in 2023 to ensure that we can provide not just financial but also structural support for the targeted growth of our company.

Final question, Mr. Dürr: What do you see as the main levers for ensuring that JOST can grow sustainably and profitably?

JOACHIM DÜRR: JOST has increased sales from €701m at the time of our IPO in 2017 to €1,265m today. These were challenging times – the year of the pandemic in 2020, consistent supply bottlenecks and rapidly rising costs. Despite this, we managed to maintain our excellent profitability significantly improving adjusted EPS from €2.99 in 2017 to €5.41 in 2022. For me, that proves that we already have all the key elements we need to continue growing in a sustainable and profitable way.

I see our strong brands and very positive customer relationships in the transport and agricultural sectors as crucial success factors. Customers know and trust JOST – we are an internationally renowned partner known for our innovative products, reliability of supply, and solution-oriented approach. That is an incredible strength, one that we already possess in the transport sector and can now foster in the agricultural market, too.

We know how to deal with cyclical market fluctuations, which are part of our business model and deeply embedded in every area of the Group. It is something we have demonstrated time and time again in the last 70 years of our company's history. In a world marked by extreme volatility, uncertainty, complexity and ambiguity, our ability to react flexibly, quickly and effectively to change provides us with an exceptional competitive advantage that few companies can match. This gives us significant opportunities to expand our position in the market and continue our successful growth. I look forward to seeing what lies ahead – and to the next 70 years of JOST performance!

Equity markets and share price performance

2022 was a turbulent year on the capital markets. The outbreak of the war in Ukraine, soaring inflation, and the ensuing interest rate hikes implemented in North America and Europe in an effort to curb inflation cast a long shadow over the capital markets. Particularly fears of a possible recession in major industrial countries generated considerable turmoil on the equity markets in 2022.

Germany's DAX index, for instance, contracted by 13.1% during fiscal year 2022 and closed the final trading day of the year at 13,924 points. The SDAX, on which the shares of JOST Werke AG are listed, suffered even more severe losses of 28.8%, finishing 2022 at 11,925 points. The STOXX EU 600 Auto & Parts industrial index also posted losses of 20.2% in 2022.

In this challenging environment, the shares of JOST Werke successfully bucked the negative market trend. Our strong operating performance, significant revenue growth, and our ability to keep our operating EBIT margin virtually stable in the face of difficult conditions were reflected in a strong trend in our share price. JOST Werke shares posted gains of 4.0% in the 2022 fiscal year, closing at a price of €52.60. This meant that the shares outperformed the overall market in Germany based on the DAX and SDAX indices, as well as the peer group based on the STOXX EU 600 Auto & Parts industrial index. The shares reached their low for the year of €34.40 in September 2022 and topped out at €54.60 in November 2022.

The average daily trading volume of the shares on XETRA rose by 15% in 2022 to 20,191 shares (2021: 17,540). At 62%, off-market exchanges (OTC and dark pools) still made up the bulk of the total trading volume, while around 38% of the traded shares were traded on XETRA and other stock exchanges.

Capital structure

The share capital of JOST Werke AG did not change in the course of fiscal year 2022. At the reporting date, it amounted to €14,900,000.00, divided into 14,900,000 no-par-value bearer shares (December 31, 2021: €14,900,000.00). The nominal value per share is €1.00.

Table: Basic data for the JOST-Werke share

Issuer	JOST Werke AG
IPO	July 20, 2017
Index	SDAX, CDAX, PRIME ALL
Share symbol	JST
Bloomberg ticker symbol	JST GY
ISIN	DE000JST4000
WKN	JST400
Number of shares outstanding as of December 31, 2022	14,900,000
Stock exchanges	Frankfurt Stock Exchange, XETRA
Trading segment	Regulated market (Prime Standard)
Sector	Industrial
Industry	Automotive supplier, industry

2022 dividend

The Executive Board and Supervisory Board will propose to the General Meeting a dividend of €1.40 per share for the 2022 fiscal year (2021: €1.05). This represents an increase in the total dividend payout of 34.0% to €20.9m (2021: €15.6m). The payout ratio for the fiscal year now ended is therefore 35% (2021: 36%). Based on the proposal for 2022 and calculated using the year-end closing price, the dividend yield amounts to 2.7% (2021: 2.1%).

As the JOST Werke AG dividend will be paid entirely from the contribution account for tax purposes as set out in Section 27 of the Körperschaftsteuergesetz (German Corporate Income Tax Act – KStG), the payment is made without deducting withholding tax or the solidarity surcharge.

Key figures for the JOST Werke share

		2022	2021
Equity per share	€	24.2	20.6
Adjusted consolidated earnings per share[1]	€	5.41	4.63
Consolidated earnings per share	€	4.02	2.94
Dividend per share[2]	€	1.40	1.05
Number of shares entitled to participate in dividends (Dec. 31)	million	14.9	14.9
Amount distributed	€ million	20.9	15.6
Dividend yield[2,3]	%	2.7	2.1
Share price at year-end[3]	€	52.60	49.50
High	€	54.60	56.30
Low	€	34.40	41.10
Market capitalization[3] (Dec. 31)	€ million	783.7	737.6
Average daily trading volume	shares	20,129	17,540

[1] For a detailed presentation of the adjustments made, see note 7 "Exceptionals" in the consolidated financial statements.
[2] Subject to approval by the General Meeting
[3] XETRA closing price; source: Bloomberg

Shareholder structure

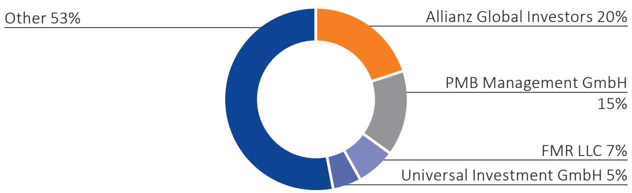
Our shares are primarily held by institutional investors such as funds, asset management companies, family offices and banks. According to Deutsche Börse's definition, 85% of the JOST Werke AG shares were held in free float as of December 31, 2022 (2021: 90%).

According to the notifications received, 20.11% of the voting rights in JOST Werke AG was attributed to Allianz Global Investors GmbH (Frankfurt, Germany) as of the December 31, 2022 reporting date. Kai Möhrle and the company he controls, Vierunddreißigste PMB Management GmbH (Hamburg, Germany), hold 15.03% of the voting rights in JOST Werke AG. More information on voting rights notifications pursuant to the Wertpapierhandelsgesetz (German Securities Trading Act – WpHG) is available at **https://ir.jost-world.com/voting-rights-notification**.

All transactions with JOST Werke AG shares or related financial instruments reported by the Executive Board and Supervisory Board in 2022 can be found at **http://ir.jost-world.com/directors-dealings**.

The company's Executive Board is not aware of agreements affecting the transfer of voting rights or shares of JOST Werke AG.

Shareholder structure of JOST Werke AG
as of December 31, 2022



Annual General Meeting 2022

Because of the pandemic, JOST Werke AG held its General Meeting on May 5, 2022 in a virtual format without shareholders, authorized representatives and guests being physically present. The virtual General Meeting was broadcast to all registered shareholders of JOST Werke AG via the company's website. Shareholders had the opportunity to submit their questions in advance and were able to exercise or transfer their voting rights online.

Overall, 84.1% of the company's share capital was represented at the General Meeting. A resolution to pay a dividend of €1.05 per share for fiscal year 2021 was adopted. Furthermore, the Executive Board and Supervisory Board were both discharged for the 2021 fiscal year with a very large majority.

The shareholders approved the proposal by the Supervisory Board and elected Dr. Stefan Sommer to the Supervisory Board of JOST Werke AG. The former Supervisory Board Chairman Manfred Wennemer resigned his position after his ordinary term of office had ended. The Supervisory Board members Natalie Hayday, Prof. Bernd Gottschalk, Rolf Lutz, Jürgen Schaubel and Klaus Sulzbach were reelected by the General Meeting.

In addition, the Annual General Meeting resolved with a majority of 99.99% to change the legal form of JOST Werke AG to a European stock corporation (Societas Europaea, SE). The legal form change became effective after the reporting date, on March 20, 2023. The Annual General Meeting also approved the remuneration report in accordance with Section 162 German Stock Corporation Act (AktG).

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, was appointed as the auditor of the annual and consolidated financial statements for the 2022 fiscal year.

All documents and information on the General Meeting as well as the results of the voting are available on our website at **https://ir.jost-world.com/agm**

Investor relations

During the 2022 fiscal year, we provided the capital markets with timely and transparent information about the many changes in the market by maintaining an intensive dialog with investors, shareholders, analysts and other interested parties. In addition to the virtual formats for road shows and conferences introduced during the coronavirus pandemic, in-person events were held once again in the 2022 fiscal year. JOST visited a total of eight investor conferences in fiscal year 2022 (four of them virtually) and held four road shows (three of them virtually).

We also continued our regular dialog with the capital markets by holding numerous individual meetings with institutional investors, private shareholders and analysts. At four production facility visits we also gave investors the opportunity to see our business for themselves.

Discussions centered on the direct and indirect effects of the war in Ukraine on our business, expected market developments in the different regions, the high level of inflation, rising raw material, energy and logistics costs, and supply shortages.

Six analysts monitored our stock during the 2022 fiscal year. As of the end of 2022, three analysts recommended buying JOST shares, while the remaining three recommended holding them.

The Investor Relations pages on our website keep investors and the public abreast of developments at JOST at all times. There you will find all of our financial publications, our financial calendar, scheduled investor events and the our financial analysts' latest expectations and recommendations for the performance of JOST and the shares of JOST Werke AG **http://ir.jost-world.com**.

Report of the Supervisory Board

The Supervisory Board
of JOST Werke AG

Dear Shareholders,

2022 was the most successful year in JOST's history to date. There was strong demand for our products and systems in 2022, while the transport and agriculture markets remained robust despite the war in Ukraine and prevailing supply bottlenecks. JOST recorded significant growth in all countries with the exception of China. Overall, global consolidated sales rose by 20.6% year-over-year to €1,264.6m in the 2022 fiscal year. Adjusted EBIT increased by 18.1% to €123.8m with an adjusted EBIT margin of 9.8%. This represents significantly better performance than originally anticipated at the start of 2022.

In addition to further increases in the cost of raw materials and logistics, the outbreak of war in Ukraine led to a surge in energy prices, particularly in Europe, forcing JOST to prove the considerable flexibility and resilience of its business model once more. In addition to cost containment measures, it was encouraging to note that the initiatives introduced in 2021 to reduce greenhouse gas emissions and lower energy consumption took effect in the 2022 fiscal year. Amid significantly higher activity levels and rising sales, JOST was able to reduce its energy consumption by 6.0% year-over-year in absolute terms in 2022. JOST has already reduced its carbon emissions per production hour by 35.2% compared to the 2020 base year.

The Supervisory Board would like to thank all of JOST's employees and the members of the Executive Board for their service in 2022, and for making it such a successful fiscal year.

Composition of the Supervisory Board and its committees

In the 2022 fiscal year, the Supervisory Board reconstituted itself immediately following the conclusion of the General Meeting on May 5, 2022. It continues to consist of six members: Prof. Dr. Bernd Gottschalk, Natalie Hayday, Rolf Lutz, Jürgen Schaubel, Klaus Sulzbach and myself, Dr. Stefan Sommer. The term of office of the Supervisory Board members ends at the conclusion of the next Annual General Meeting in 2023.

Manfred Wennemer, former Chairman of the Supervisory Board of JOST Werke AG, was not available for re-election after his ordinary term of office expired on May 5, 2022. The General Meeting approved the Supervisory Board's proposal and elected me to the Supervisory Board of JOST Werke AG. Previous members of the Supervisory Board of JOST Werke AG Natalie Hayday, Prof. Dr. Bernd Gottschalk, Rolf Lutz, Jürgen Schaubel and Klaus Sulzbach were re-elected by the General Meeting. On behalf of the entire Supervisory Board, I would like to take this opportunity to thank the shareholders of JOST Werke AG for the trust they have placed in us.

Prof. Dr. Bernd Gottschalk was elected Deputy Chairman of the Supervisory Board and I was elected Chairman of the Supervisory Board.

The Supervisory Board established two committees in 2022: the Executive and Nomination Committee and the Audit Committee. Prof. Dr. Bernd Gottschalk, Rolf Lutz and I are members of the Executive and Nomination Committee, where I have held the office of Chairman in my capacity as Chairman of the Supervisory Board since May 5, 2022, in accordance with the Rules of Procedure for the Supervisory Board. Mr. Manfred Wennemer was also a member and Chairman of the Executive and Nomination Committee until his retirement from the Supervisory Board on May 5, 2022.

Natalie Hayday, Jürgen Schaubel and Klaus Sulzbach are members of the Audit Committee. Jürgen Schaubel was elected Chairman of the Audit Committee. All three members have specialist knowledge in the areas of accounting and auditing and have the necessary expertise to carry out their role as financial experts on the Supervisory Board within the meaning of Section 100 (5) of the Aktiengesetz (German Stock Corporation Act – AktG). All three members are independent. As Chairman of the Audit Committee Jürgen Schaubel is therefore independent as required by the German Corporate Governance Code.

Supervisory Board activities in the 2022 fiscal year

In the past fiscal year, the Supervisory Board supported the Executive Board in its management of the company in a process of intensive dialogue and by providing advice. 2022 was still impacted by the effects of the COVID-19 pandemic, and by a general sharp increase in material and logistics prices in particular, which caused disruption to global supply chains that was also felt by JOST. As a result, the Supervisory Board regularly addressed the measures introduced by the Executive Board in this area. In addition to monitoring activities and advising the Executive Board, the Supervisory Board continued to provide the Executive Board with intensive support to drive forward the long-term strategic orientation of JOST Werke AG.

In doing so, the Supervisory Board was consistently satisfied with the legality, correctness, appropriateness and economic efficiency of the company's management activities. The Executive Board involved the Supervisory Board in all fundamentally important decisions and provided it with all the information required to fulfill its tasks properly and in a timely manner. The Supervisory Board was informed regularly and comprehensively of the committees' work by the respective committee Chairmen. The Executive Board also kept the Chairman of the Supervisory Board and the Chairman of the Audit Committee informed of important developments between the plenary and committee meetings. In addition, the Chairman of the Supervisory Board met monthly with the Executive Board to discuss the current business situation.

Risk exposure, corporate strategy, business development, planning, human resources policies, the implementation of the sustainability strategy, compliance and other key corporate development and management issues, were the subjects of the regular, timely and comprehensive reports provided by the Executive Board to the Supervisory Board.

The Supervisory Board held a total of eight meetings – some of them without the Executive Board – during the 2022 fiscal year, including five face-to-face meetings. Three meeting were held as video conferences. With one exception, all of the Supervisory Board members attended all meetings and resolutions. This means that the attendance rate was 98% overall and 100% with regard to the face-to-face meetings. Every member of the Supervisory Board attended more than half of the face-to-face meetings and video conferences held by the Supervisory Board and the committees of which they are members. Specifically, Mr. Wennemer participated in both of the meetings and video conferences that took place before the end of his term of office, while Dr. Sommer took part in all six of the meetings and video conferences held after his election. Mr. Schaubel, Mr. Sulzbach, Mr. Lutz and Ms. Hayday participated in all eight meetings and video conferences, and Prof. Dr. Gottschalk attended all five face-to-face meetings as well as two of the three video conferences.

During the 2022 fiscal year, the Supervisory Board's advice regularly and primarily focused on countering the direct and indirect effects of the COVID-19 pandemic, transforming logistics and production at Neu-Isenburg and JOST's further strategic development. In addition, the advice provided at the individual meetings focused on the following issues:

At the video conference on January 20, 2022, the Executive Board presented plans for converting the company into a Societas Europaea (SE); these plans were approved by the Supervisory Board and adopted by the General Meeting on May 5, 2022. The Supervisory Board continued to receive reports on the progress of the conversion process and negotiations with employee representatives in particular at subsequent meetings.

At its meeting on March 17, 2022, the Supervisory Board focused on the consolidated and single-entity financial statements for the 2021 fiscal year, including the auditor's report and the Sustainability Report, which it subsequently approved and adopted, as well as the proposed dividend for that year. The Supervisory Board also approved the conversion of the company into an SE based on the conversion plan presented by the Executive Board and adopted the corresponding resolution proposed to the General Meeting, which subsequently resolved the conversion on May 5, 2022. The meeting also discussed the consultation on the development of two plants as well as Executive and Supervisory Board remuneration.

At its meeting on May 5, 2022, the Supervisory Board began by reconstituting itself after the re-election of all of its members and elected Dr. Stefan Sommer as its new Chairman. Proceedings focused on the India strategy with the construction of a new plant in Chennai.

On July 1, 2022, the Supervisory Board met via video conference to appoint Dirk Hanenberg to the Executive Board as successor to Dr. Ralf Eichler effective September 1, 2022.

The Supervisory Board meeting on September 20, 2022 was held in Hanover because of IAA Transportation 2022. The meeting addressed the refinancing of the company being targeted by the Executive Board before dealing with the sales expectations for 2023 in preparation for the budget discussion in November.

In a specially convened video conference on October 19, 2023, the Supervisory Board approved the refinancing of parts of the existing loan and promissory note financing totaling up to €150m.

The Supervisory Board meeting on November 17, 2022 was held at the new logistics site in Erfurt, and focused on a detailed discussion of the Executive Board's budget proposal for 2023.

At face-to-face meeting on December 1, the Supervisory Board dealt with the Audit Committee's report for 2022, measures to repay working capital and the long-term corporate strategy.

The Supervisory Board also approved the Group budget for 2023 and adopted the updated declaration of compliance with the German Corporate Governance Code.

Work of the Executive and Nomination Committee in 2022

In accordance with their duties, the members of the Executive and Nomination Committee dealt with personnel planning for the Executive Board and Supervisory Board and agreed these matters in one face-to-face meeting and nine telephone meetings during the 2022 fiscal year. All but one of the Committee's members participated in every meeting. This means that the attendance rate was 97% overall and 100% with regard to the face-to-face meetings.

In particular, the Committee's work focused on the search for successors to Chairman of the Supervisory Board Manfred Wennemer, whose term of office ended in May 2022, and Executive Board member Dr. Ralf Eichler, who resigned from the Executive Board at his own request effective October 31, 2022. Based on the Executive Committee's preparations, the Executive Board and Supervisory Board proposed Dr. Stefan Sommer as a new Supervisory Board member to the General Meeting, who elected him as proposed. The Supervisory Board also appointed Dirk Hanenberg as a new Executive Board member effective September 1, 2022.

The Committee also dealt with personnel planning for the Supervisory Board in preparation for the next round of Supervisory Board elections in 2023.

Work of the Audit Committee in 2022

The Audit Committee held a total of 11 meetings, including four face-to-face meetings and seven conference calls. All three committee members attended all meetings, which means that the attendance rate was 100%.

In keeping with its role, the Committee regularly dealt with the audit of the financial statements and the monitoring of the financial reporting process, the effectiveness of the internal control system, risk management and the internal auditing system, and with issues relating to the preparation and audit of the financial statements and compliance and sustainability activities. The Audit Committee discussed the assessment of audit risk, the audit strategy and audit planning, and the audit results with the auditor. The Chairman of the Audit Committee regularly discussed the progress of the audit with the auditor and reported on this to the Audit Committee. There were regular consultations with the auditor without the Executive Board being present.

In its conference call on February 16, 2022, the Audit Committee discussed the status of the ongoing audit of the consolidated and single-entity financial statements for the fiscal year ended on December 31, 2021, with the relevant auditors at Pricewaterhouse-Coopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main (PwC).

The meeting on March 10, 2022, primarily dealt with providing support for the audit of the annual financial statements by PwC. Furthermore, the recommendations of the Supervisory Board on the approval and adoption of the annual and consolidated financial statements of JOST Werke AG for the 2021 fiscal year. The audit of the sustainability report by SPALL & KÖLSCH GmbH, Wirtschaftsprüfungsgesellschaft, was discussed and the recommendation on approval prepared. The Audit Committee also dealt with topics related to risk management, compliance and internal audit, and with projects related to IT, treasury, investor relations, sustainability (ESG), working capital management, purchase-to-pay (P2P) and management reporting.

The conference call on May 10, 2022, was held to discuss the results for the first quarter of 2022.

At its meeting on July 5, 2022, the Audit Committee addressed issues relating to risk management, internal audit, compliance, treasury (especially refinancing in 2022), IT, purchase-to-pay (P2P), working capital management and controlling.

On August 9, 2022, the half-year results for 2022 intended for publication were explained to the Audit Committee by phone.

The conference calls held on August 23, 2022 and September 12, 2022 centered on the Audit Committee's assessment of the quality of the audit of the annual financial statements dated December 31, 2021. The conference call held on September 12, 2022 was held with relevant auditors of PwC.

The meeting held on September 20, 2022, focused on risk management, internal audit, the ongoing tax audit of the Jasione tax group, compliance activities and the P2P, working capital management and controlling projects as well as the group's ESG activities.

In its conference call on October 6, 2022, the Audit Committee discussed the upcoming audit of the consolidated and single-entity financial statements for the fiscal year ending on December 31, 2022, with the relevant auditors at PwC. In accordance with the recommendations of the German Corporate Governance Code, the Audit Committee ensured that the auditor informs it without delay of all findings and events of importance for its tasks which come to its attention during the performance of the audit. The Audit Committee also satisfied itself that the auditor informs it and makes a note in the audit report if, during the performance of the audit, the auditor identifies facts that reveal a misstatement in the declaration on the German Corporate Governance Code issued by the Executive Board and Supervisory Board.

The conference call held on November 9, 2022, focused on the results for the third quarter of 2022.

The Audit Committee meeting on December 1, 2022, was again dedicated to compliance activities, risk management, treasury, internal audit, IT, and the P2P, Working Capital Management and Controlling projects.

In addition, the Chairman of the Audit Committee and the Chief Financial Officer at least once a month discussed the current business situation and the progress made with important projects.

Individual members' attendance at meetings

Members	Supervisory Board meetings (in-person)	Supervisory Board meetings (virtual)	Attendance in %	Committee meetings (in-person)	Committee meetings (virtual)	Attendance in %
Dr. Stefan Sommer, Chairman (since May 5, 2022)	4/4	2/2	100	1/1	5/5	100
Prof. Dr. Bernd Gottschalk Deputy Chairman	5/5	2/3	88	1/1	8/9	90
Natalie Hayday	5/5	3/3	100	4/4	7/7	100
Rolf Lutz	5/5	3/3	100	1/1	9/9	100
Jürgen Schaubel	5/5	3/3	100	4/4	7/7	100
Klaus Sulzbach	5/5	3/3	100	4/4	7/7	100
Manfred Wennemer (Chairman until May 5, 2022)	1/1	1/1	100	0/0	4/4	100

Self-assessment of the Supervisory Board

In the 2022 fiscal year, the Supervisory Board conducted its regular self-assessment of its effectiveness in carrying out its tasks. This assessment focused on the composition of the Supervisory Board, particularly with regard to the skills required to carry out its duties. The Supervisory Board's skills matrix was reviewed and updated in this context. The Supervisory Board also reappraised its organization and working practices as well as the quality and efficiency of the work carried out by its committees. Proposals and recommendations for action for the future composition of the Supervisory Board and its work in plenary and committee meetings were discussed and implemented on this basis.

Following its constitution, the Supervisory Board of the future JOST Werke AG will carry out an expanded self-assessment in 2024.

Independence and Conflicts of Interest

All six Supervisory Board members are independent as defined by the German Corporate Governance Code (GCGC). No member of the Supervisory Board has any personal or business relations with the company, the Executive Board or a controlling shareholder.

None of the Supervisory Board members performs governing or advisory functions for significant competitors of the company. The Supervisory Board has not been informed of any conflicts of interest over the past fiscal year.

Corporate Governance

The Supervisory Board and Executive Board firmly believe that good corporate governance is an important foundation for the company's success and act accordingly. Together with the Executive Board, the Supervisory Board examined the application of the recommendations of the German Corporate Governance Code (2020 GCGC) to JOST Werke AG and the JOST Werke Group in fiscal year 2022. On December 1, 2022, together with the Executive Board it issued a declaration on this in accordance with Section 161 AktG and published it on the company's website. The Executive Board and Supervisory Board declared that the company – with certain exceptions – has been in compliance with the recommendations of the GCGC as amended on April 22, 2022, and will be in compliance in the future. The full text of the declaration can be read at **http://ir.jost-world.com/declaration-of-compliance**

Further information about corporate governance for the Executive Board and the Supervisory Board can be found in the corporate governance statement on the company's website at **http://ir.jost-world.com/corporate-governance-statement**. Information on Executive Board and Supervisory Board remuneration can be found in the group Management Report in the "Remuneration report" section.

Composition of the Executive Board

Dr. Ralf Eichler asked the Supervisory Board not to renew his Executive Board contract and resigned his Executive Board position at his own request effective October 31, 2022.

The Supervisory Board appointed Dirk Hanenberg to the Executive Board as his successor on September 1, 2022. As Chief Operations Officer (COO) he is responsible for Quality, Logistics, Purchasing and Production.

Review of the non-financial report

The Supervisory Board unanimously appointed SPALL & KÖLSCH GmbH Wirtschaftsprüfungsgesellschaft, Kronberg im Taunus, to provide a limited assurance opinion on the non-financial report for the fiscal year ending on December 31, 2022.

The non-financial report was drafted with reference to the Global Reporting Initiative (GRI) Reporting Standards 2021 and the Handelsgesetzbuch (German Commercial Code – HGB). The report was made available to all members of the Supervisory Board in good time. All documents were discussed in detail with the Executive Board and SPALL & KÖLSCH GmbH at the Audit Committee meeting on March 16, 2023, and the Supervisory Board meeting on March 23, 2023. SPALL & KÖLSCH GmbH reported in detail about the subject matter, process and key findings of the audit and was available for additional questions and information.

The Supervisory Board approved the non-financial report after discussing and reviewing it in detail.

Audit of the Annual and Consolidated Financial Statements

Based on a resolution adopted by the General Meeting on May 5, 2022, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main (PwC) was appointed as the auditor of the financial statements of JOST Werke AG for the fiscal year ending on December 31, 2022. This appointment also includes the appointment as auditor of the consolidated financial statements for the fiscal year ending on December 31, 2022. The auditor responsible for the audit is Thomas Heck. This is the second year he has held this position.

The annual financial statements and management report combined with the group management report were prepared in compliance with the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). The consolidated financial statements were prepared by applying Section 315e HGB and in accordance with the principles of the International Financial Reporting Standards (IFRSs) as adopted by the European Union. PwC audited the annual financial statements of JOST Werke AG, the consolidated financial statements and the combined management report. The auditor outlined the auditing principles in its audit reports. The auditor issued the annual and consolidated financial statements as well as the combined management report for the fiscal year ending on December 31, 2022 with unqualified audit reports.

The annual financial statements, the consolidated financial statements, the combined management report and the remuneration report in accordance with Section 162 AktG as well as the auditor's reports issued by the auditor were made available to all members of the Supervisory Board. All documents were discussed in detail at the Audit Committee meeting on March 16, 2023, and the Supervisory Board meeting on March 23, 2023. The auditor, PwC, reported on the main findings of its audit and was available for any additional questions and information. At the meeting of the full Supervisory Board, the Chairman of the Audit Committee also provided an extensive report on the audit of the annual and consolidated financial statements and the combined management report.

The Supervisory Board discussed and reviewed in detail the annual financial statements and the proposal for the appropriation of net retained profit as well as the consolidated financial statements and the combined management report. There were no objections to the documents provided. Based on its own review, the Supervisory Board concurred with the recommendation of the Audit Committee and agreed with the findings of the audit conducted by the auditor.

In a resolution dated March 23, 2023, the Supervisory Board subsequently approved the annual financial statements prepared by the Executive Board and the consolidated financial statements of JOST Werke AG for the 2022 fiscal year. The annual financial statements of JOST Werke AG have therefore been adopted. The Supervisory Board agrees with the combined management report and the assessment of the expected development of the company. It concurs with the proposal of the Executive Board regarding the appropriation of net retained profit and the distribution of €1.40 per share.

We would like to thank the members of the Executive Board and all employees of JOST for their hard work and commitment during the past fiscal year. This performance enabled us to make 2022 a successful fiscal year. I wish the company and the members of the Executive Board continued success in the current 2023 fiscal year.

Neu-Isenburg, March 23, 2023

For the Supervisory Board

Dr. Stefan Sommer
Chairman

Members of the Supervisory Board

Dr. Stefan Sommer
Chairman of the Supervisory Board
(Chairman of the Executive and Nomination Committee)

Occupation:	Consultant
Initial appointment:	May 5, 2022
Bestellt bis:	Annual General Meeting 2023
Year of birth:	1963
Place of birth:	Münster, Germany
Nationality:	German

Further posts currently held on supervisory / control bodies outside JOST Werke AG:
- Member of the supervisory board, Knorr-Bremse AG, Munich, Germany (listed)
- Member of the presidential council, DEKRA e.V., Germany (not listed)
- Chairman of the advisory board, Intech GmbH, Garching, Germany (not listed)

Prof. Dr. Bernd Gottschalk
Deputy Chairman of the Supervisory Board
(member of the Executive and Nomination Committee)

Occupation:	Managing Director, AutoValue GmbH, Frankfurt/M., Germany
Initial appointment:	June 23, 2017
Appointed until:	Annual General Meeting 2023
Year of birth:	1943
Place of birth:	Lübeck, Germany
Nationality:	German

Further posts currently held on supervisory / control bodies outside JOST Werke AG:
- Member of the supervisory board, Schaeffler AG, Herzogenaurach, Germany (listed)
- Member of the supervisory board, Plastic Omnium S.A., Paris, France (listed)
- Member of the supervisory board, AEye Inc., Dublin/California, USA (listed)
- Member of the supervisory board, Benteler International AG, Salzburg, Austria (not listed)

Rolf Lutz
Member of the Supervisory Board
(member of the Executive and Nomination Committee)

Occupation:	Graduate engineer, retired
Initial appointment:	June 23, 2017
Appointed until:	Annual General Meeting 2023
Year of birth:	1952
Place of birth:	Tübingen, Germany
Nationality:	German

Further posts currently held on supervisory / control bodies outside JOST Werke AG:
- None

Natalie Hayday
Member of the Supervisory Board
(Member of the Audit Committee)

Occupation:	Managing Director of 7Square GmbH, Frankfurt/M., Germany
Initial appointment:	June 23, 2017
Appointed until:	Annual General Meeting 2023
Year of birth:	1976
Place of birth:	Guildford, United Kingdom
Nationality:	British

Further posts currently held on supervisory / control bodies outside JOST Werke AG:

- Member of the supervisory board, Novem Group S.A., Contern, Luxembourg (listed)
- Member of the advisory board, SALUX Real Estate GmbH, Frankfurt/M., Germany (not listed)

Jürgen Schaubel
Member of the Supervisory Board
(Chairman of the Audit Committee)

Occupation:	Consultant, Oaktree Capital Management, London, United Kingdom
Initial appointment:	June 23, 2017
Appointed until:	Annual General Meeting 2023
Year of birth:	1963
Place of birth:	Bönningheim-Ludwigsburg, Germany
Nationality:	German

Further posts currently held on supervisory / control bodies outside JOST Werke AG:

- Member of the supervisory board, chairman of the audit committee, Optimal Marime Holding, Limassol, Cyprus (not listed)[1]
- Member of the board of directors, MFD Rail Holding AG, Rotkreuz, Switzerland (not listed)[1]
- Member of the advisory board, Baiersbronn Frischfaser Karton Holding GmbH, Baiersbronn, Germany (not listed)[1]

Klaus Sulzbach
Member of the Supervisory Board
(Member of the Audit Committee)

Occupation:	Auditor/management consultant KSPW Consulting
Initial appointment:	June 23, 2017
Appointed until:	Annual General Meeting 2023
Year of birth:	1959
Place of birth:	Saarbrücken, Germany
Nationality:	German

Further posts currently held on supervisory / control bodies outside JOST Werke AG:

- None

[1] The above companies are portfolio companies of Oaktree Capital Management. Accordingly, the respective board positions are directly related to Mr. Schaubel's principal occupation as a consultant at Oaktree Capital Management.

SUSTAIN-ABILITY

Sustainability at JOST

2022 was a highly dynamic year for all of us, dominated by geopolitical shocks and significant uncertainty. Despite this hugely challenging environment, the 2022 fiscal year was a very successful one for JOST, both in financial terms and with regard to our sustainability activities.

We firmly believe that corporate social responsibility is a prerequisite for achieving sustained commercial success in the international market. Maintaining a link between economic value creation and ecological and social responsibility is therefore vital.

We are working hard to embed sustainability in every level of our company. Our aim remains to strike a balance between JOST's commercial success and our social and environmental responsibility as an international company. We made significant progress with our environmental, social and corporate governance activities and achieved our sustainability targets for 2022.

Our Sustainability Report for the 2022 fiscal year was prepared with reference to the Global Reporting Initiative (GRI) Standards 2021 for the period from January 1 to December 31, 2022, and includes the legally required non-financial report of JOST Werke AG in accordance with Sections 315b and 315c of the German Commercial Code (HGB). The Sustainability Report was reviewed by SPALL & Kölsch GmbH Wirtschaftsprüfungsgesellschaft (limited assurance).

The comprehensive 2022 Sustainability Report, including the independent auditor's limited assurance report, is available at **http://ir.jost-world.com/reports**

Climate and the environment

Resource efficiency is an important objective of our corporate strategy. We are striving to use our resources efficiently and effectively at all times in order to not only generate above-average margins but also continue improving the ecological footprint of our production activities. The general goal of our climate and environmental responsibilities is to continually improve our environmental performance indicators.

We are particularly proud of our success in reducing our carbon emissions. We were able to lower our carbon emissions (Scope 1 and Scope 2) per production hour by 15.0% compared to 2021 and by 35.2% compared to the 2020 base year. We are also pleased to have reduced our Scope 1 emissions by 7.7% year-over-year and our Scope 2 emissions by 10.5% in absolute terms. JOST managed to lower its gas, oil and district heating consumption by 9.0% in absolute terms to 56.0 million kWh. We also reduced our electricity consumption by 2.5% year-over-year to 52.0 million kWh. The intensity ratios for the use of electricity and natural gas, oil and district heating (per production hour in each case) also improved considerably compared with the previous year. Total energy consumption intensity fell by 11.9% to 13.7 kWh per production hour.

Indicator	Unit	2020 Base year[1]	2021[1]	**2022[2]**	Change vs. base year	Change vs. previous year
Electricity consumption	million kWh	50.5	53.4	52.0	3.1%	–2.5%
Electricity consumption intensity	kWh/prod. hr.	8.8	7.2	6.6	–25.0%	–8.3%
Natural gas, oil and district heating	million kWh	47.9	61.5	56.0	16.9%	–9.0%
Natural gas, oil and district heating intensity	kWh/prod. hr.	8.4	8.3	7.1	–15.3%	–14.7%
Total energy consumption	million kWh	98.4	114.9	108.0	9.8%	–6.0%
Energy consumption intensity	kWh/prod. hr.	17.2	15.5	13.7	–20.4%	–11.9%
CO_2eq emissions (Scope 1)	Tonnes CO_2eq	12,745.6	15,130.0	13,962.1	9.5%	–7.7%
CO_2eq emissions (Scope 2)	Tonnes CO_2eq	23,206.8	20,323.2	18,191.4	–21.6%	–10.5%
CO_2eq emissions (Scope 1+2)	Tonnes CO_2eq	35,952.4	35,453.2	32,153.5	–10.6%	–9.3%
CO_2eq emissions (Scope 1+2) compared to sales	kg CO_2eq/€ thsd.	45.3	33.8	25.8	–42.9%	–23.6%
CO_2eq emissions intensity (Scope 1+2)	kg CO_2eq/prod. hr.	6.3	4.8	4.1	–35.2%	–15.0%

[1] The 2020 and 2021 data was subsequently adjusted based on the final invoices from suppliers, because the 2021 Sustainability Report used extrapolated data based on consumption in the first 11 months. Fiscal year 2021 for the first time includes figures from the US site in Simpsonville/South Carolina and from the site in Agroma/France.

[2] In some cases, data was extrapolated using the first 11 months of 2022, as the final invoices for some sites were not yet available at the time the report was prepared.

This success is the result of the energy consumption reduction initiatives identified in the previous year and introduced in 2022. Another step is increasing the proportion of renewable energy sources within our electricity mix. The proportion of renewable energy sources within our total electricity mix rose significantly to reach 15.6 million kWh, increasing from 5.9% of our electricity mix in the previous year to 30.0% in 2022.

JOST also began installing solar panels on the rooftops of its own production sites in 2022. As part of our activities to reduce carbon emissions, we carried out feasibility studies for the installation of solar panels at our European production sites in 2021. These projects were launched in 2022, and we were able to put photovoltaic systems into operation at our sites in Portugal and Turkey during the year under review. This meant we were able to generate around 16 thousand kWh of our own solar energy in 2022. We will install additional photovoltaic systems over the next few years to further increase the proportion of self-generated solar power.

Further details about the development of other ecological indicators such as water and waste can be found in the 2022 Sustainability Report.

People and culture

We want to create a working environment where our employees feel comfortable, are highly engaged and can perform at their best.

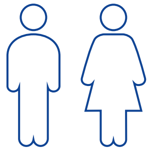
The prolonged pandemic has changed the labor markets drastically, while the demographic shift has also intensified competition in these markets. Amid this difficult environment, we were able to reduce staff turnover by 3.4 percentage points year-over-year to 15.4%, which reflects the loyalty of our employees to JOST and our positive corporate culture. To remain competitive in the labor market, we want to work with our people to continue enhancing JOST's appeal as an employer. Only by doing this can we attract the most talented professionals to JOST and foster their commitment. Resilience, flexibility, empathy and transparency are crucial here.

Another important step for us was the development and adoption of our Human Rights Policy in 2023. JOST has committed itself to establish business relationships only with suppliers who reject forced labor. Further commitments include promoting health, safety and environmental protection, tolerance, and fair business practices. Overall, the human rights guidelines officially enshrine our existing corporate culture of respect for all people within our business processes and relationships.

Number of employees by function as of December 31

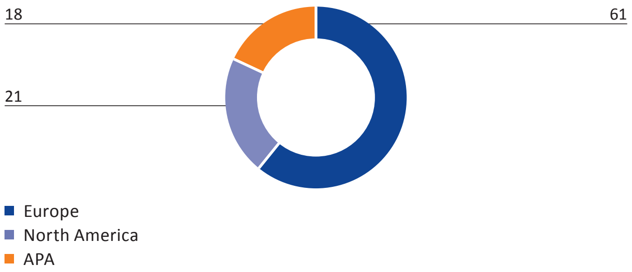
	31.12.2022	31.12.2021	Change
Production	2,417	2,264	6.8%
Sales	669	652	2.6%
Research and development	143	143	0%
Administration	373	355	5.1%
Total	**3,602**	**3,414**	**5.5%**

As of the December 31, 2022 reporting date, JOST employed 3,602 people worldwide, a year-over-year increase of 5.5% (December 31, 2021: 3,414). This rise is due to the global increase in JOST's activity levels, as our markets grew considerably in 2022. We employed an average of 3,516 people (2021: 3,324), and additionally 606 temporary staff (2021: 632).

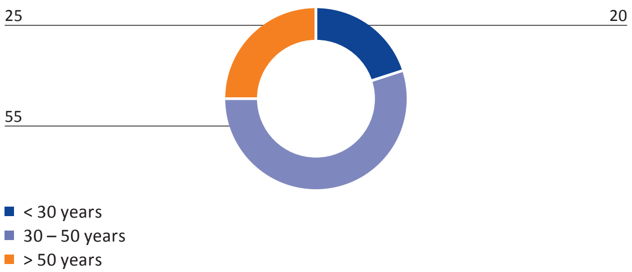


3,602
employees

Breakdown of employees by region as of December 31, 2022
in %



Breakdown of employees by age as of December 31, 2022
in %

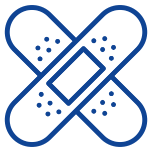


Occupational health and safety

The prevention of workplace accidents remained an important issue with regard to the occupational health and safety of our employees. We are responsible for creating and maintaining a safe working environment for our workforce. Preventing workplace accidents is a top priority for JOST as a manufacturing company. With this in mind, JOST sets high global safety standards for handling hazardous substances and other potential work-related risks. Regular information, instructions, training and CPD courses, whether legally required or voluntary, increase safety awareness among our employees and empower them to deal with potential risks safely. This enables us to achieve high safety standards across all areas of the Group, both in a commercial and non-commercial sense.

We adjusted our methodology for recording workplace accidents during the 2022 fiscal year. Since 2022, we have been recording not only the incidents but also the severity of injury. We divided accidents into four different levels according to the severity of injury. This allows us to raise awareness among employees and senior managers even more effectively. We also adjusted our methodology for comparing the accident rate between sites to reflect the OHSAS definition; this means we now record workplace accidents in relation to hours at work rather than for every 1,000 employees. This allows us to take variable working hours into account more effectively. All employees, including temporary staff, are considered when recording accidents in this way.

During the 2022 fiscal year, we reduced the number of accidents per 200,000 production hours by 8.8% to 3.39 (2021: 3.72). Our aim is to continuously reduce the number of workplace accidents.



workplace accidents

per 200,000 production hours

2021: 3.7 **2022: 3.4**

Compliance

The JOST compliance management is aimed at ensuring that all of the group's activities comply with the law. Both lawful and responsible conduct and respect for human rights are firmly rooted within our company. By living out our corporate values, we create trust among our employees, customers, business partners, shareholders and the general public. This is vital for the long-term success of our company.

JOST works in line with the recommendations of the Universal Declaration of Human Rights of the United Nations, the core labor standards of the International Labour Organization (ILO), and the OECD Guidelines for Multinational Enterprises as well as the UN Convention on the Rights of the Child. The company's internal Code of Conduct and the requirements defined there as well as the ethical principles JOST has subscribed to of its own accord and our Human Rights Policy are key elements that form the basis of our compliance management system.

2022:

5 reports

JOST's share of consolidated sales generated in countries with a corruption index of <60 was 12.8% in the 2022 fiscal year (2021: 16.9%). This value is based on the Corruption Perceptions Index (CPI) compiled by Transparency International, which ranks countries by their perceived levels of public sector corruption. The lower the value, the greater the risk of corruption in that particular country. Initiatives for the early detection and prevention of corruption are therefore particularly important. No case of corruption was confirmed in 2022 (2021: 0).

In order to proactively identify and uncover possible violations of statutory regulations and internal policies at an early stage, both our employees and business partners are encouraged to contact the persons directly or to make use of a whistleblower system, anonymously where necessary.

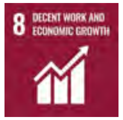
We received 5 reports in the 2022 fiscal year (2021: 5). All of the reports were related to the conduct of colleagues or line managers. These cases were investigated by the Compliance department and local (HR) departments within a reasonable period of time and either clarified or resolved.

JOST's contribution to sustainability

JOST wants to continue improving its impact on people, the environment and society and is committed to the United Nations' 2030 Agenda. JOST will focus its sustainability efforts on the following action areas going forward:

Goal 2 – Zero Hunger: JOST wants to market its products for agricultural tractors in developing countries. By doing so, we can make an important contribution to increasing agricultural productivity in these countries, contributing to alleviate the risks of hunger.

Goal 4 – Quality Education: Through measures in the area of training and further vocational education, JOST provides its employees worldwide with opportunities for professional advancement. Our apprenticeship and talent management programs are aimed primarily at giving young employees new development prospects within JOST.



Goal 8 – Decent Work and Economic Growth: JOST pursues ambitious growth targets worldwide. In so doing, we pay attention to the health and safety of all our employees and ensure that human rights and social standards are respected. This also includes preventing all forms of discrimination.

Goal 9 – Industry, Innovation and Infrastructure: As a market leader, JOST sees innovation as the driver of its future growth. The development of eco-friendly products and processes that also meet the complex requirements of our customers is the key to our commercial success

Goal 11 – Sustainable Cities and Communities: With our systems, we can help make the delivery of goods to cities and rural areas more sustainable and more efficient. Part of our research and development work is focused on developing efficient transport solutions for the logistics sector.

Goal 12 – Responsible Consumption and Production: JOST strives to minimize the consumption of resources during its production activities. We are constantly working to make our production processes more efficient and to reduce waste.

Goal 13 – Climate Action: As a manufacturer catering to the transport industry, we want to reduce our own greenhouse gas emissions substantially and help our customers in their quest for carbon neutrality. This important goal of our sustainability activities is reflected in our product innovations.

We engage in dialogue with our stakeholders to discover which aspects of sustainability are of particular interest to them. Every year, we increase and improve the transparency of our non-financial reporting. In doing so, we wish to give our customers, employees, investors, suppliers and affected communities, as well as the inquiring public, an opportunity to see for themselves how JOST is continuously improving its environmental, social and corporate governance.

Since JOST introduced sustainability reporting in 2017, we have managed to steadily improve the quality of our reporting on non-financial matters. This is evident from the various sustainability ratings issued by assessment organizations such as

- MSCI ESG (rating: AA),
- Sustainalytics (rating: Low Risk),
- ISS ESG (rating: C-) and
- EthiFinance (rating: 51).

JOST's success story is based on our ability to adapt quickly and to collaborate with our stakeholders to develop solutions that are ahead of the curve. We have a lot more planned! You can find out more in our **2022 Sustainability Report**.

JOST worldwide

COMBINED MANAGEMENT REPORT

As of December 31 2022, JOST Werke AG
Neu-Isenburg, Germany

Fundamental information about the group

Business model and organizational structure

JOST Werke AG is a listed corporation headquartered in Neu-Isenburg, Germany. It is the parent company of the JOST Werke Group ("JOST"), a leading global producer and supplier of safety-critical systems to the commercial vehicle industry. Under its four brands JOST, ROCKINGER, TRIDEC and Quicke, JOST offers a broad range of products for transport and agriculture.

The group's leading global position in the markets for fifth wheel couplings, landing gears and agricultural front loaders is further supported by close, long-standing customer relationships and a capital-efficient business model. JOST has an international distribution network at its disposal, which the group uses to supply original equipment manufacturers (OEMs) of trucks, trailers and agricultural tractors. JOST also sells components to major spare part companies serving these OEMs, and to wholesalers that in turn act as suppliers to smaller OEMs, vehicle fleets, repair shops, farmers and other end users ("aftermarket").

JOST's core operations are structured by region, and accordingly split into the three geographical segments of Europe, North America, and Asia-Pacific-Africa (APA). These segments are also used to structure the group's internal organization, control and reporting.

In fiscal year 2022, the sales subsidiary JOST Middle East FZCO, domiciled in Dubai, United Arab Emirates, was founded, and JOST Achsen Systeme GmbH was merged into JOST-Werke Deutschland GmbH. This means that on the reporting date of December 31, 2022, the JOST Werke Group continued to consist of 42 companies (December 31, 2021: 42). JOST also holds a 49% stake in a joint venture in Brazil, which is accounted for using the equity method. See note 4

In fiscal year 2022, JOST generated sales of €1,264.6m (2021: €1,048.6m, adjusted for sales revenues of €2.3m from the sale of Jost UK Ltd.). The group employed an average of 3,516 (2021: 3,324) people worldwide. With 20 production facilities (including the joint venture in Brazil) in 26 countries on six continents and a large number of sales subsidiaries, JOST is an international company with excellent access to all manufacturers of trucks, trailers and agricultural tractors worldwide, and to all relevant end customers.

JOST's strong global presence is reflected in sales by product destination. In the 2022 fiscal year, JOST generated 46.3% of its sales in Europe (2021: 49.0%). The second largest region was North America with a 33.3% (2021: 27.5%) share of sales, followed by Asia-Pacific-Africa (APA) with 20.4% (2021: 23.4%). The Latin American market is mainly served by the joint venture in Brazil. These sales are not consolidated and are therefore not included in consolidated sales. In 2022, the sales revenues generated by the Brazilian joint venture rose by 47.2% to €115.0m (2021: €78.1m).

Products and services

JOST products are primarily used in two business lines:

Transport: This includes products and systems for trucks and trailers that provide the interface connecting the truck to the trailer. We sell fifth wheel couplings, landing gears and king pins as well as ball bearing turntables under the JOST brand. In addition, we offer axle systems with or without modular suspension systems for trailers as well as leading and trailing axles for trucks. Container locks and components for intermodal transport are also marketed under the JOST brand. The core products from the ROCKINGER brand are towing hitches, towing eyes and drawbars for trucks and trailers. Steering systems and axle suspensions for trailers are offered under the TRIDEC brand.

Agriculture: This includes products such as agricultural front loaders for tractors, various implements for front loaders, and subframes sold under the long-established Quicke brand. Towing hitches, drawbars, towing eyes and ladders from the ROCKINGER brand are also used in agriculture and forestry.

Complementing our product portfolio, we offer our OEM customers essential services that include just-in-sequence production and integrated logistics. We also supply wholesale companies with components and JOST, ROCKINGER, TRIDEC and Quicke original replacement parts. JOST also maintains an extensive technical customer service organization that is able to provide end users (such as fleet operators) with immediate assistance at short notice or providing guidance on using our products, and can supply them with replacement parts.

Group strategy

The objectives of JOST's group strategy are to ensure sustainable, long-term operating success and the continuous increase in enterprise value this entails. For this purpose, we strive to grow our business and to achieve above-market revenue growth accompanied by strong profitability and cash flows. To achieve these goals, we concentrate on the following strategic action areas:

Product innovations: We want to further consolidate and expand our position as our customers' preferred partner. As one of the world's leading producers of safety-critical systems for the commercial vehicle industry, we have introduced a large number of high-quality, robust and durable branded products to the market over the last few decades. With qualified employees, comprehensive expertise and a high level of product and service quality, we offer our customers the right solutions for their commercial vehicle applications in transport and agriculture with innovations and enhancements. We position ourselves as a development partner to our customers, using our products and services to assist the technological transition to more complex, more sustainable and more intelligent commercial vehicles. Autonomous driving, digitalization and sustainability remain key growth drivers in both the transport industry and the agricultural sector – a trend that is reflected in JOST's product innovations.

Initiatives for growth: We want to consistently strengthen our international market position through organic and external growth. Our long-term customer relationships, existing sales channels and infrastructure and our global presence, combined with the prominence of our brands, provides a foundation for successful expansion. We are promoting the further growth of JOST based on our strong traditional core business in the transport and agriculture sectors. We are actively expanding our product portfolio in a targeted way to include neighboring areas of application within the commercial vehicle industry in order to tap into new revenue streams. We want to further consolidate existing markets and open up new ones with our products and services.

Resource efficiency and cash flow: We want to expand the competitive advantages of our products and services further and successfully differentiate ourselves from our competitors with profitable growth. We are striving to use our resources efficiently and effectively at all times in order to not only generate above-average margins but also continue improving the ecological footprint of our production activities. Our local-for-local approach ensures that we have the flexibility needed to successfully compete in cyclical end markets. At the same time, we benefit from the strong operating cash flow generation available to us for investments in further business growth due to our low investment requirements, efficient use of resources and modular product design.

Corporate management and control

Key performance indicators (KPIs) are the primary tool used for the corporate management of the JOST Werke Group. Here, the greatest weighting is given to adjusted EBIT, adjusted EBITDA and sales revenue development. The monthly, quarterly and annual trends for these indicators are compared continuously with prior-year values and planning data. Changes in trends are analyzed and managed at site, segment and group level. The annual trend for the KPIs of adjusted EBITDA and adjusted EBIT margin is incorporated into the calculation of variable remuneration for the Executive Board and executives.

At group level, the above KPIs are supported by a monthly analysis of net working capital (NWC) in relation to sales, leverage and net debt in relation to equity (gearing). Any deviations from target values are analyzed and managed as required.

The development of KPIs in the 2022 fiscal year and any potential deviations are explained in the report on economic position.
See Course of business in 2022

Calculation of financial key performance indicators

± Operating profit (EBIT)
+ D&A from PPA
± Other exceptionals
= Adjusted EBIT
+ Depreciation of property, plant and equipment
+ Amortization of intangible assets
= Adjusted EBITDA

+ Inventories
+ Trade receivables
– Trade payables
= Net working capital (NWC)
: Sales revenues x 100
= NWC as a percentage of sales

+ Interest-bearing loans excluding accrued financing costs
– Cash and cash equivalents
= Net debt
: Adjusted EBITDA
= Leverage

Adjusted EBIT
: Sales revenues x 100
= Adjusted EBIT margin

Net debt
: Equity x 100
= Gearing

Takeover-related disclosures (in accordance with Sections 289a and 315a HGB) and explanatory report

The disclosures as of December 31, 2022, required by Sections 289a and 315a of the Handelsgesetzbuch (German Commercial Code – HGB) are presented in the paragraphs below, which in addition to those statutory disclosures also include the related narrative explanations in accordance with Section 176 (1) of the Aktiengesetz (German Stock Corporation Act – AktG):

Subscribed capital: As of December 31, 2022, the company's share capital amounted to €14,900,000, composed of 14,900,000 no-par value bearer shares, each with an imputed notional value of €1.00. Each share carries one vote at the General Meeting, determines the shareholders' share of the profit generated by the company and has the same statutory rights and obligations attaching to it. Shareholders' rights and obligations are governed by the provisions of the AktG, in particular Sections 12, 53a et seq., 118 et seq. and 186 AktG.

Restrictions on voting rights and the transfer of shares: The exercise of voting rights and the transfer of shares are governed by the general statutory provisions and the Articles of Association, which restrict neither. Article 17 of the Articles of Association sets out the requirements that must be met in order to attend the General Meeting and exercise voting rights. In the cases referred to in Section 136 AktG, voting rights attaching to the shares concerned are disapplied by law. If the company holds treasury shares – which was not the case as of December 31, 2022, – no rights may be exercised in respect of those shares pursuant to Section 71b AktG.

At the time this group management report was prepared, the company's Executive Board is not aware of any agreements affecting the voting rights or the transfer of company shares.

Interests in the share capital exceeding 10%: By the December 31, 2022, reporting date, the company had been informed of the following interests exceeding 10%:

- 20.11% of the voting rights in JOST Werke AG were attributed to Allianz Global Investors GmbH (Frankfurt, Germany) via its managed funds in accordance with Section 34 of the Wertpapierhandelsgesetz (German Securities Trading Act – WpHG). Of this amount, Allianz SE (Munich, Germany) was attributed 11.4% of the voting rights of JOST Werke AG based on the notification dated May 18, 2020. Allianz Global Investors GmbH makes all decisions relating to the exercise of the voting rights in JOST Werke AG attributed to Allianz SE independently of Allianz SE. As a result, Allianz SE's voting rights are included in the voting rights attributed to Allianz Global Investors GmbH.
- Kai Möhrle and the company he controls, Vierunddreißigste PMB Management GmbH (Hamburg, Germany), informed the company on March 23, 2022 that 15.03% of the voting rights in JOST Werke AG are attributed to him in accordance with Section 34 WpHG.

According to the notifications received by us in accordance with Sections 33 et seq. of the Wertpapierhandelsgesetz (German Securities Trading Act – WpHG), there were no other direct or indirect interests in the company's share capital that reached or exceeded 10% of the voting rights as of December 31, 2022.

At the time of preparing this group management report, there had been no further changes in this regard.

Appointment and dismissal of Executive Board members: The appointment and dismissal of Executive Board members are governed by Sections 84 and 85 AktG in conjunction with Article 8 of the Articles of Association. This is generally the responsibility of the Supervisory Board; in urgent cases where the Executive Board is lacking a necessary member, the court is required to appoint the member at the request of a person concerned. In accordance with Article 8 of the Articles of Association, the Executive Board consists of one or more members. The number of Executive Board members is decided by the Supervisory Board, which may also appoint a Chair and a Deputy Chair of the Executive Board.

Amendments to the Articles of Association: In accordance with Sections 119 (1) 6. and 179 (1) sentence 1 AktG, the Articles of Association may be amended by resolution of the General Meeting. In accordance with Section 179 (2) AktG in conjunction with Article 20 (2) of the Articles of Association, a simple majority of the share capital represented when the resolution is passed is generally sufficient for this, in addition to a simple majority of the votes cast, unless statutory provisions or the Articles of Association require a larger majority. Article 12 (4) of the Articles of Association authorizes the Supervisory Board to pass resolutions on amendments to the Articles of Association that only affect their wording.

Under Article 5 (3) of the Articles of Association, the Supervisory Board is authorized to amend the wording of the Articles of Association accordingly following the use of Authorized Capital 2018 or expiration of the period during which Authorized Capital 2018 may be used on May 3, 2023. Amendments to the Articles of Association become effective upon their entry in the commercial register (Section 181 (3) AktG).

Powers of the Executive Board to issue and repurchase shares: Based on a resolution adopted by the General Meeting on May 4, 2018, the Executive Board is authorized, with the consent of the Supervisory Board, to increase the company's share capital by a total of up to €7,450,000.00 on one or more occasions until May 3, 2023 by issuing new no-par value bearer shares against cash and/or non-cash contributions (Authorized Capital 2018; Article 5 of the Articles of Association). If new shares are issued from Authorized Capital 2018, shareholders generally have preemptive rights, which may be disapplied only in certain cases described in greater detail in Article 5 (2) of the Articles of Association and subject to the conditions stated there. The Executive Board has not yet exercised this authorization.

According to a further resolution adopted by the General Meeting on May 4, 2018, the Executive Board is authorized, with the approval of the Supervisory Board, to issue warrants, convertible bonds and/or income bonds as well as profit participation rights or combinations of these instruments (collectively referred to as "bonds") with a total nominal value of up to €350m with or without a limited maturity period until May 3, 2023 and to issue the bearers and/or creditors of the bonds with option and/or conversion rights for up to 7,450,000 new no-par-value bearer shares in the company representing up to €7,450,000.00 of share capital in accordance with the more detailed bond conditions. While shareholders generally have preemptive rights, the Executive Board is authorized to disapply shareholders' preemptive rights to the bonds subject to the conditions outlined in the aforementioned authorizing resolution with the approval of the Supervisory Board. Further details can be found in the proposed resolution adopted by the General Meeting under agenda item 8 of the General Meeting on May 4, 2018. The Executive Board has not yet exercised this authorization. In order to service the bonds, the General Meeting conditionally increased the share capital of the company by up to €7,450,000.00 by issuing up to 7,450,000 new no-par-value bearer shares (Authorized Capital 2018; Article 6 of the Articles of Association).

The General Meeting of May 4, 2018 also authorized the company until May 3, 2023 to buy back its own shares in a volume up to a total of 10% of the existing share capital at the time the resolution was passed or, in the event that this figure is lower, the existing share capital at the time the authorization is exercised. The own shares acquired can be used for any legally permitted purpose. Further details can be found in the authorization resolution adopted by the General Meeting on May 4, 2018 (agenda item 6). The company has not acquired any of its own shares as of the preparation date of this report.

Material agreements in the event of a change of control: Financing agreements existed as December 31, 2022 between JOST Werke AG and various lenders for promissory note loans totaling €146.0m that give creditors the right to terminate or call the financing in the event of a change of control if the parties concerned cannot agree a continuation. The company also has agreements with a consortium of banks for a revolving cash facility totaling up to €150.0m that give creditors similar termination rights in the event of a change of control. In addition, a new credit facility of €120m was agreed in December 2019 to finance the acquisition of the Ålö Group, which also gives creditors a right of termination in the event of a change of control.

Other takeover-related disclosures: There are no shares conveying special control rights. A long-term incentive plan (LTIP) for executives (excluding the Executive Board) is in place at JOST, which is linked to the performance of phantom stocks in JOST Werke AG. Since the 2022 fiscal year, the Executive Board contracts of Dr. Christian Terlinde and Dirk Hanenberg likewise include a long-term variable component (LTI) that is linked to the performance of phantom stocks in JOST Werke AG. Neither the remuneration system for the Executive Board nor the long-term incentive plan for executives grants shares or stock options. No compensation arrangements have been agreed between the company, the members of the Executive Board or employees in the event of a takeover.

Report on economic position for 2022

Executive Board's overall assessment of the economic situation in 2022

JOST exceeded its sales target of €1.2bn in the 2022 fiscal year and grew sales significantly by 20.6% to €1,264.6m (2021: €1,048.6m, adjusted for the sales revenues from the sale of JOST UK Ltd. in the amount of €2.3m). All of the group's regions contributed to this exceptional performance. Despite the challenging economic environment in 2022, our balanced global positioning and broad product portfolio allowed us to offset regional market fluctuations and changes in demand in order to generate this growth.

JOST's sales in the transport sector increased by 19.3% to €936.9m in 2022 (2021: €785.4m). Sales of agricultural components also grew strongly by 24.5% to €327.7m (2021: €263.2m).

JOST continued to invest in research and development and introduced several key product innovations to the market in the 2022 fiscal year. With its newly developed King Pin Finder, for example, JOST has made the complex coupling process between trucks and trailers significantly safer and easier by integrating live camera images into the driver's cab. In the agricultural sector, JOST also developed a series of implements for its frontloaders in 2022 that can markedly improve efficiency during harvesting and feeding.

We were able to reliably serve our customers at all times in a market still dominated by supply bottlenecks. Despite surging material, logistics and energy costs, JOST was able to increase adjusted EBIT by 18.1% to €123.8m in the 2022 fiscal year (2021: €104.8m). This represents significantly higher growth than originally forecast at the start of 2022. Despite strong global inflation and the negative impact of the outbreak of war in Ukraine, JOST managed to keep its adjusted EBIT margin virtually unchanged year-over-year at 9.8% in 2022 (2021: 10.0%).

The rise in business volume compared to the previous year, higher material costs and selling prices, and persistent bottlenecks in the procurement markets continued to pose great challenges for working capital management in 2022. Working capital primarily rose in line with sales, climbing by 29.0% to €243.0m compared with the previous year (2021: €188.4m). Despite this, JOST kept the ratio of working capital to sales below its target level of 20% at 19.2% in the 2022 fiscal year due to its disciplined approach to working capital management in an adverse general environment (2021: 17.9%).

During the 2022 fiscal year, JOST began building a production plant for agricultural components in India and commenced operations at a new logistics center in Germany. This caused capital expenditure to increase to €32.3m compared with the previous year (2021: €20.1m). Overall, capital expenditure amounted to 2.6% of sales and was therefore in line with the capital expenditure forecast of around 2.5% (2021: 1.9%).

JOST was able to generate a positive free cash flow (cash flow from operating activities less payments made for the acquisition of property, plant and equipment and intangible assets) of €+23.7m in the 2022 fiscal year (2021: €+33.3m). This reduction is primarily due to the increase in capital expenditure, as cash flow from operating activities rose year-over-year to €+56.0m despite higher working capital (2021: €+53.4m).

Liquid assets fell slightly by €6.8m to €80.7m as of December 31, 2022 (December 31, 2021: €87.5m). The dividend payout of €15.6m contributed to this decrease. Net debt rose by €3.5m to €197.4m as of December 31, 2022 (December 31, 2021: €193.9m). The ratio of net debt to adjusted EBITDA improved considerably to 1.28x (2021: 1.45x) as a result of the strong growth in operations. In 2022, JOST also repaid the promissory notes from 2018 early in the amount of €94m. The funds used to repay the notes were provided by a new promissory note loan issued in the fourth quarter of 2022 with a total value of €130m, of which €22m was not paid out until January 2023.

As a result, JOST reached or significantly exceeded all of the financial targets set at the start of 2022. For further information, see the "Variance analysis" section. Details of JOST's performance during the 2022 fiscal year are reported in the section entitled Course of business in 2022.

Significant business events in 2022

Refinancing. In December 2022, JOST successfully placed its first-ever ESG-linked promissory notes with a total volume of €130m. In addition to the development of the EURIBOR, the interest rate is also linked to the achievement of sustainability targets to reduce carbon emissions and increase the share of women in management positions. The issue proceeds were used to refinance existing loans due in 2023 and to repay credit lines that had been drawn. The new promissory notes, which mature in three, five and seven years respectively, ensure that JOST has an attractive mix of fixed and variable interest rates in the long term and extend the group's maturity profile. They are not linked to compliance with financial key performance indicators (covenants).

Conversion into a Societas Europaea (SE) largely completed. On May 5, 2022, the General Meeting of JOST Werke AG adopted a resolution to convert JOST Werke AG into a European stock corporation (Societas Europaea, SE) with a majority of 99.99%. On November 22, 2022, employee and employer representatives signed the participation agreement that will govern co-determination in the workplace at JOST Werke SE in the future. As of the December 31, 2022 reporting date, the only part of the change in legal form still to complete was its formal entry in the Commercial Register. This entry was made on March 20, 2023.

New logistics center in Germany. During the 2022 fiscal year, JOST commenced operations at a new logistics center in Erfurt, Germany, to supply its customers with original parts and accessories – from small bolts to large front loaders. The new logistics center allows us to leverage synergy effects when supplying transport and agricultural products and process customer orders more quickly.

Construction of new production plant in India begins. In 2022, JOST began building a new production plant for manufacturing agricultural components in Chennai, India. This new facility will further strengthen JOST's geographical presence in Asia and open up new opportunities for growth in the agricultural sector. In connection with this project, JOST signed two new supply agreements with agricultural OEMs in India in 2022, which in the short to medium term will make a contribution to the growth of our business in the region. The new plant is due to be commissioned in the third quarter of 2023.

Changes to Supervisory Board and Executive Board. Former Chairman of the Supervisory Board of JOST Werke AG, Manfred Wennemer, resigned his position after his ordinary term of office expired. On May 5, 2022, the General Meeting of JOST Werke AG approved the Supervisory Board's proposal and elected Dr. Stefan Sommer to the Supervisory Board of JOST Werke AG. He was appointed Chairman by the Supervisory Board immediately following the conclusion of the General Meeting.

Dr. Ralf Eichler (the former COO) asked the company's Supervisory Board not to renew his Executive Board contract and resigned his Executive Board position at his own request effective October 31, 2022. The Supervisory Board appointed Dirk Hanenberg to the Executive Board as his successor on September 1, 2022. As COO he is responsible for Quality, Logistics, Purchasing and Production.

Macroeconomic and sector-specific environment in 2022

Macroeconomic environment

Global economic recovery slows in 2022. The war in Ukraine, rising global inflation and the subsequent monetary tightening in major economies as well as the perceptible weakening of the Chinese economy due to pandemic-related lockdowns significantly decelerated global economic growth in 2022. These aggravating factors reduced willingness to invest and consumer spending across the globe. At the same time, rising costs and, in particular, persistent supply bottlenecks adversely impacted the production capabilities of many companies. As a result, in its study published in January 2023 the International Monetary Fund (IMF) expects the global economy to have grown by just 3.4% year-over-year in the 2022 fiscal year (2021: 6.2%), while international trade of products and services rose by just 5.4% year-over-year in 2022 (2021: 10.4%).

For Europe, the IMF currently expects the expansion of economic output to have slowed to 3.5% in 2022 (2021: 5.3%). The United States is also likely to have lost additional momentum, with the IMF predicting economic growth of just 2.0% compared to the previous year (2021: 5.9%). According to the IMF's latest estimates, the economy in Asia's emerging and developing countries is likely to have expanded by 4.3% in 2022 (2021: 7.4%). The Chinese economy is set to have suffered most due to the government's zero-COVID strategy, with the IMF predicting economic growth of only 3.0% for China in 2022 (2021: 8.4%). In contrast, India was able to virtually maintain its year-over-year growth rate to expand its economy by 6.8% in 2022 (2021: 8.7%). In Latin America, the IMF anticipates that the economy has grown by 3.9% compared to 2021 (2021: 7.0%).

Sector-specific environment

Considerable regional variations in truck market. Demand for heavy trucks remained high in 2022 despite rising uncertainty. However, the typical regional differences in demand cycles are increasingly noticeable. With the war in Ukraine and resulting supply bottlenecks adversely affecting the production capabilities of truck manufacturers (OEMs), truck demand in Europe and North America could not be fully satisfied in some cases. By contrast, the Chinese truck market contracted sharply in 2022. In addition to China's overall economic weakness in 2022, considerable pull-forward effects in the first half of 2021 were the main reason for the country's decline in demand for trucks.

In a study published in January 2023, LMC Automotive expects global heavy truck production to contract by 21.1% year-over-year in 2022. However, this trend is heavily influenced by the decline in the Chinese truck market. LMC estimates that, excluding China, global heavy truck production increased by 12.7% year-over-year in 2022.

Europe was most severely impacted by the outbreak and duration of the war in Ukraine. Supply bottlenecks in procuring components such as cable harnesses that were produced in Ukraine limited the production capabilities of several OEMs in the first half of 2022. On the positive side, these supply bottlenecks were largely resolved from the third quarter of 2022 onwards, allowing European truck production to expand by 5.2% year-over-year overall in the year under review – much stronger growth than had been anticipated even at the midpoint of the year (July 2022 expectations: –4.3%) according to information provided by LMC Automotive in January 2023.

Demand for heavy trucks remained consistently strong in North America. FTR Transportation Intelligence, a research firm specializing in North America, in a study from February 2023 expects truck production in the region to have grown by 16.1% year-over-year in 2022. In addition to existing supply bottlenecks overall, the shortage of employees in North America was also a limiting factor for production, resulting in a marked backlog in truck production and deliveries by the end of the year.

The sharp decline in the truck market in China, exacerbated by regional lockdowns imposed due to COVID-19 outbreaks, caused market expectations for the APA region to deteriorate. As a result, LMC Automotive estimates that truck production in APA slumped by 37.0% in 2022, with the Chinese truck market almost halving with a year-over-year decline of 49.7%. In addition to the various lockdowns in major Chinese cities, the significant pull-forward effect in the first half of 2021 was the main reason for this contraction. The introduction of a new emissions standard for trucks effective July 1, 2021 prompted many Chinese fleet operators to bring forward purchases of heavy trucks to reap the economic benefits of the old standard. Excluding China, truck production in the APA region grew by 24.0% year-over-year in 2022.

According to LMC Automotive, truck production in South America rose by 5.0% year-over-year in 2022. This relatively low level of growth is primarily due to the fact that OEMs were already close to fully utilizing their production capacities in 2021 and were unable to expand them in the course of 2022.

The trailer market is contracting. After strong growth in 2021 and the first half of 2022, demand for trailers cooled slightly at the end of 2022. According to a study published by market research firm Clear Consulting in August 2022, the trailer market is likely to have contracted by 7.1% in 2022 versus 2021. This negative trend was also severely impacted by a decline in Chinese demand for trailers caused by weak economic growth in the region.

In Europe, Clear Consulting expects trailer production to have fallen by 6.8% year-over-year in 2022. This decline is partly due to the negative impact of the war in Ukraine and the resulting uncertainty caused by the conflict. According to FTR, a research firm specializing in North America, trailer production in North America is likely to have grown significantly by 13.7% year-over-year in 2022. Demand for trailers has remained robust in North America despite high levels of inflation and fears of a potential economic recession.

Clear Consulting expects the trailer market in Asia-Pacific-Africa to decline by 14.8% year-over-year in 2022, mostly driven by a weaker Chinese market. Trailer production in other countries in the APA region is expected to continue growing compared to 2021. In Latin America, the institute anticipates an 18.3% contraction of the trailer market compared to 2021.

Agricultural tractor remains stable at a high level. After very strong growth in 2021 and in the first half of 2022, demand for agricultural tractors cooled slightly toward the end of 2022. Overall, the market for agricultural tractors in North America remained at the prior year's high level in fiscal year 2022. In Europe, the war in Ukraine, concerns about a potential energy crisis and rising costs of energy and seed were the main factors dampening farmers' demand in the second half of 2022. Agricultural OEMs therefore expect demand for agricultural tractors in Europe to be down slightly in 2022 compared to 2021.

Course of business in 2022

Variance analysis

In fiscal year 2022, JOST achieved or surpassed all of the goals it had set itself at the start of the year. We leveraged our broad international presence in order to compensate for regional fluctuations in demand and thus achieved a very favorable course of business, despite the uncertainties affecting the market environment and the rising costs. The inflation-related price adjustments which JOST was forced to introduce in 2022 in order to compensate for the strong increase in costs also caused the pace of sales growth to accelerate in 2022.

For this reason, on November 3, 2022 we raised our guidance for sales and adjusted EBIT for 2022. On the back of strong sales figures in the fourth quarter of 2022, we were able to meet or surpass these higher forecasts.

JOST increased adjusted consolidated sales by 20.6% in fiscal year 2022 to €1,264.6m (2021: €1,048.6m). This means that we met the higher target of generating sales of €1.2bn for the first time in the company's history.

Adjusted EBIT rose by 18.1% to €123.8m year-over-year (2021: €104.8m). Adjusted EBITDA increased by 15.8% to €154.5m compared with 2021 (2021: €133.4m). Despite the uncertainties stemming from higher material and freight costs, we have thus clearly surpassed our goal of high single-digit percentage growth year-over-year for our adjusted EBIT and adjusted EBITDA. The main driver for this excellent performance was the strong increase in business volume in fiscal year 2022, additionally supported by inflation-related price adjustments.

The adjusted EBIT margin remained almost stable compared to the previous year at 9.8% (2021: 10.0%).

Investments in property, plant and equipment and intangible assets rose to €32.3m (2021: €20.1m) and amounted to 2.6% of sales (2021: 1.9%). We thus met our forecast for 2022 of investing around 2.5% of our sales volume.

In spite of global supply bottlenecks and higher prices, we kept the ratio of working capital to sales below the 20% target at 19.2% in fiscal year 2022. This was mainly due to strong sales growth. We also improved our leverage ratio (ratio of net debt to adjusted EBITDA) compared with the previous year to 1.28x (2021: 1.45x).

The following table shows the forecasts when the 2021 annual report was published, the upward revisions in the third quarter of 2022 and the results achieved in fiscal year 2022.

Variance analysis of the financial key performance indicators for 2022

Indicator	2021 results	2022 guidance	Adjustment on November 3, 2022	**2022 results**
Sales	€1,048.6m	medium single-digit growth vs. 2021	low double-digit growth vs. 2021 > €1.2bn	+20.6% to €1,264.6m
Adjusted EBIT	€104.8m	medium single-digit growth vs. 2021	high single-digit growth vs. 2021	+18.1% to €123.8m
Adjusted EBIT margin	10.0%	stable	slight decline	9.8%
Adjusted EBITDA	€133.4m	medium single-digit growth vs. 2021	high single-digit growth vs. 2021	+15.8% to €154.5m
Capital expenditures as a percentage of sales	€20.1m 1.9%	approx. 2.5%	no adjustment	€32.3m 2.6%
Net working capital as a percentage of sales	€188.4m 17.9%	less than 2021; less than 20% of sales	higher than 2021; less than 20% of sales	€243.0m 19.2%
Leverage	1.45x	lower than 1.45x	no adjustment	1.28x

Results of operations

Sales

Sales revenues by origin

in € thousands	2022	2021	% yoy
Europe	695,516	618,230 [1]	12.5%
North America	396,339	258,956	53.1%
Asia-Pacific-Africa (APA)	172,751	171,419	0.8%
Total	**1,264,606**	**1,048,605** [1]	**20.6%**
of which transport	**936,926**	**785,420** [1]	**19.3%**
of which agriculture	**327,680**	**263,185**	**24.5%**

[1] Sales revenues in the European transport sector were adjusted by €2,326 thousand in the previous year resulting from the discontinued operations Jost UK Ltd., which was disposed of in the second quarter of 2021. For further information, please refer to note 5.

In fiscal year 2022, JOST increased consolidated sales by 20.6% to €1,264.6m (2021: €1,048.6m). Adjusted for negative currency translation effects, sales rose by 16.8% year-over-year in fiscal year 2022. With the exception of China, demand for trucks, trailers and agricultural tractors remained at a very high level worldwide, even though the unexpected outbreak of war in Ukraine at the start of 2022 adversely impacted the global economy. The broad international foundations of our business model were a key factor in our success in 2022, since we were able to compensate for the negative trend in China through the dynamic growth achieved in North America, India, the Pacific region and South Africa.

JOST's sales in the transport sector increased by 19.3% in fiscal year 2022 to €936.9m (2021: €785.4m). In the same period, sales of agricultural components rose by 24.5% to €327.7m (2021: €263.2m).

In Europe, JOST increased sales by 12.5% to €695.5m (2021: €618.2m). Following a strong sales trend in the first nine months of the year, the pace of growth slowed in the fourth quarter of 2022 due to the typical seasonality of business in both the transport and agriculture sectors. Adjusted for negative currency translation effects, sales in this region rose by 14.4% year-over-year. The sales growth in Europe was mainly realized through price effects, since JOST had to pass on to its customers the strong increases in material, energy and logistics costs which resulted over the course of the year. In Europe, volume growth was somewhat moderate, in the transport sector especially, since some OEM customers were forced to temporarily suspend production at the start of the year due to the war and the related supply bottlenecks.

In North America, sales increased by 53.1% to €396.3m in fiscal year 2022 (2021: €259.0m). This trend was given an extra boost by positive currency translation effects caused by the appreciation of the US dollar against the euro. Adjusted for these effects, sales in North America rose by 36.5% in 2022. JOST achieved its biggest sales growth in the transport sector, but sales of agricultural front loaders too were up sharply year-over-year.

In Asia-Pacific-Africa (APA), JOST significantly increased sales in India, Australia, South Africa and Southeast Asia relative to the previous year. By contrast, the market in China declined: demand here in the transport sector dropped considerably by comparison with 2021 due to significant pull-forward effects in the previous year triggered by a new Chinese emissions standard coming into force, and due to the country's recurrent pandemic-related lockdowns. JOST was able to offset China's negative impact thanks to the outstanding growth achieved in the other countries of the APA region. In overall terms, JOST's sales in APA increased slightly in fiscal year 2022, by 0.8% to €172.8m (2021: €171.4m). The contribution provided by the sale of agricultural components remained small at €3.4m. Adjusted for positive currency translation effects, sales in APA fell by 4.0% year-over-year in 2022.

Earnings performance

Results of operations in 2022

in € thousands	2022	2021	% yoy
Sales revenues[1]	**1,264,606**	**1,050,931**	**20.3%**
Cost of sales	–927,586	–772,309	20.1%
Gross profit	**337,020**	**278,622**	**21.0%**
Gross margin	**26.7%**	**26.5%**	**0.2%-points**
Operating expenses/income	–248,278	–224,682	10.5%
Operating profit (EBIT)	**88,742**	**53,940**	**64.5%**
Net finance result	**– 8,649**	**– 6,193**	**39.7%**
Profit / loss before tax	**80,093**	**47,747**	**67.7%**
Income taxes	–20,247	–3,883	421.4%
Profit / loss after taxes	**59,846**	**43,864**	**36.4%**
Earnings per share in €	**4.02**	**2.94**	**36.7%**

[1] The sales revenues shown for the previous year included sales of €2,326 thousand from the entity Jost UK Ltd., which was sold in the second quarter of 2021.

JOST slightly increased the group's gross margin year-over-year to 26.7% in fiscal year 2022 (2021: 26.5%). This increase was mainly attributable to the fact that, in the prior-year period, the cost of sales had been adversely impacted by non-operating effects of €10.1m associated with the disposal of Jost UK Ltd. The strong increases in prices of raw materials, transport, energy and alloying had a negative effect on the gross margin in 2022. The negative effect was particularly strong in the Europe region due to the outbreak of war in Ukraine. JOST was able to pass on almost all of these higher costs to its customers, albeit subject to a delay.

Operating expenses increased at a slower rate than sales in 2022, rising by 10.5% to €248.3m (2021: €224.7m). This underpins JOST's lean organizational structure and the group's ability to drive up sales while keeping its selling, development and administrative costs comparatively stable. Research and development expenses rose by 9.4% year-over-year in 2022 to €19.7m (2021: €18.0m). Despite the strong sales growth, administrative expenses increased by only 2.7% to €65.1m (2021: €63.4m). On account of the higher volume of business and the related increase in costs for outgoing freight, selling expenses were up by 10.2% to €162.1m (2021: €147.1m).

In addition, the operating profit in fiscal year 2022 was impacted by negative currency effects of €–26.1m that primarily originated from the depreciation of the Swedish krona. This is the key reason why other expenses at €33.4m more than doubled by comparison with 2021 (2021: €13.0m). In contrast, other income was positively impacted by exchange rate gains of €16.7m and rose to €23.1m compared to the previous year (2021: €11.0m).

Overall, in fiscal year 2022 JOST significantly increased earnings before interest and taxes (EBIT) by 64.5% to €88.7m (2021: €53.9m).

Bolstered by the strong growth in fiscal year 2022, EBIT adjusted for exceptionals is 18.1% higher year-over-year at €123.8m (2021: €104.8m). The adjusted EBIT margin was 9.8% (2021: 10.0%).

Earnings before interest, taxes, depreciation and amortization (EBITDA) adjusted for exceptionals grew by 15.8% to €154.5m in the 2022 fiscal year (2021: €133.4m). The adjusted EBITDA margin was 12.2% (2021: 12.7%).

The following table shows a summary of adjustments made:

Reconciliation of adjusted earnings in 2022

in € thousands	2022	2021
EBIT	**88,742**	**53,940**
D&A from PPA	–27,278	–27,750
Effects from the sale of the disposal group[1]	0	–13,281
Other effects	–7,821	–9,864
Adjusted EBIT	**123,841**	**104,835**
Adjusted EBIT margin	9.8%	10.0%
Depreciation of property, plant and equipment	–27,463	–25,373
Amortization of intangible assets	–3,188	–3,182
Adjusted EBITDA	**154,492**	**133,390**
Adjusted EBITDA margin	**12.2%**	**12.7%**

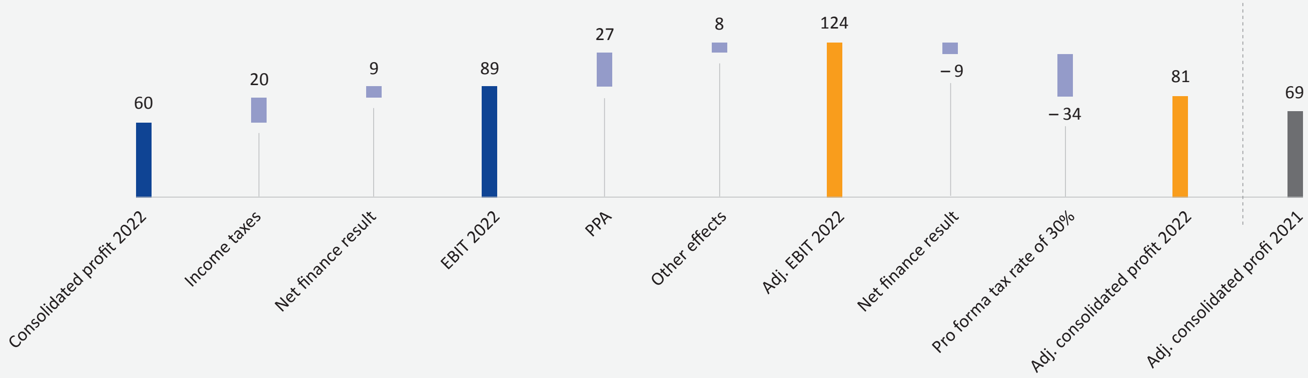
[1] The effects from the sale of the disposal groups in fiscal year 2021 included impairment losses of €4,706 thousand, which can be allocated to D&A and impairment losses from PPA.

The adjustments made in fiscal year 2022 mainly concerned non-operating or non-cash exceptionals arising from depreciation and amortization in connection with purchase price allocation (D&A and impairment losses from PPA) in the amount of €27.3m (2021: €27.8m). Other effects decreased to €7.8m (2021: €9.9m). In addition, non-recurring deconsolidation effects from the sale of Jost UK Ltd. in the second quarter of 2021 amounting to €13.3m had also been adjusted in the previous year.

The net finance result fell by €–2.4m to €–8.6m in 2022 (2021: €–6.2m). This change is due mainly to realized and unrealized currency losses as a result of non-cash effects arising on the measurement of foreign currency loans and derivatives.

Reconciliation of 2022 adjusted earnings

in € million



Earnings before taxes improved by 67.7% in 2022 to €80.1m (2021: €47.7m). As a result of the higher operating profit and the decrease in deferred tax income compared to the previous year, income tax expenses increased to €–20.2m in 2022 (2021: €–3.9m).

Earnings after taxes subsequently rose by 36.4% to €59.8m in fiscal year 2022 (2021: €43.9m). Earnings per share increased accordingly by 36.7% to €4.02 (2021: €2.94).

Adjusted for the exceptionals mentioned above, earnings after taxes improved by 16.6% to €80.6m (2021: €69.1m), with adjusted earnings per share increasing to €5.41 (2021: €4.63).

Segments

Segment reporting in 2022

in € thousands	Europe	North America	Asia-Pacific-Africa	Reconciliation	**Consolidated financial statements**
Sales revenues[1]	1,148,053	398,900	315,932	–598,279	1,264,606[2]
thereof: external sales revenues[1]	**695,516**	**396,339**	**172,751**	**0**	**1,264,606**
thereof: internal sales revenues[1]	452,537	2,561	143,181	–598,279	0
Adjusted EBIT[3]	**41,815**	**35,720**	**37,424**	**8,882**	**123,841**
of which: depreciation and amortization	18,315	6,126	6,210	0	30,651
Adjusted EBIT margin	6.0%	9.0%	21.7%		9.8%
Adjusted EBITDA[3]	**60,130**	**41,846**	**43,634**	**8,882**	**154,492**
Adjusted EBITDA margin	8.6%	10.6%	25.3%		12.2%

[1] Sales by destination in the reporting period:
– Europe: €585,168 thousand
– Americas: €421,385 thousand
– Asia-Pacific-Africa: €258,053 thousand
[2] Sales revenues in the segments show the sales revenues by origin.
[3] The share of profit or loss of investments accounted for using the equity method is not allocated to a segment and is therefore included in the "reconciliation" column in the amount of €8,882 thousand.

Segment reporting in 2021

in € thousands	Europe	North America	Asia-Pacific-Africa	Reconciliation	**Consolidated financial statements**
Sales revenues[1]	984,925	261,552	289,736	–487,608	1,048,605[2]
thereof: external sales revenues[1]	**618,230**	**258,956**	**171,419**	**0**	**1,048,605**
thereof: internal sales revenues[1]	366,695	2,596	118,317	–487,608	0
Adjusted EBIT[3]	**45,385**	**23,666**	**29,977**	**5,807**	**104,835**
of which: depreciation and amortization	17,566	5,223	5,766	0	28,555
Adjusted EBIT margin	7.3%	9.1%	17.5%		10.0%
Adjusted EBITDA[3]	**62,951**	**28,889**	**35,743**	**5,807**	**133,390**
Adjusted EBITDA margin	10.2%	11.2%	20.9%		12.7%

[1] Sales by destination in 2021:
– Europe: €514,272 thousand
– Americas: €288,357 thousand
– Asia-Pacific-Africa: €245,976 thousand
[2] Sales revenues in the segments show the sales revenues by origin and have been adjusted in the Europe Segment for the sales revenues of Jost UK Ltd. in the amount of €2,326 thousand.
[3] Adjusted EBIT/EBITDA includes the share of the profit or loss of investments accounted for using the equity method.

Europe

Demand for trucks, trailers and agricultural front loaders in Europe increased slightly by comparison with the previous year. Order intake remained robust and at a high level, but the outbreak of the war in Ukraine resulted in further supply bottlenecks which forced some OEM customers to reduce or postpone their call-offs. JOST nonetheless grew its sales by 12.5% to €695.5m compared with the previous year (2021: €618.2m).

Moreover, the war in Ukraine triggered an additional increase in the cost of raw materials as well as energy, transport and alloying costs in Europe. We were able to offset some of this strong rise in costs by adjusting prices. However, these only came into effect with a delay, so that Europe as a whole was adversely affected by the higher costs. In addition, adjusted EBIT for the region was impacted by negative currency effects in fiscal year 2022 that primarily originated from the depreciation of the Swedish krona against the euro, the US dollar and the Chinese renminbi and amounted to €–8.1m. Overall, adjusted EBIT in Europe fell by 7.9% to €41.8m (2021: €45.4m). The adjusted EBIT margin was 6.0% (2021: 7.3%).

Investments in Europe increased to €20.0m in 2022 (2021: €14.0m). Investments in property, plant and equipment came to €16.0m (2021: €9.5m). This figure mainly comprised replacement investments for machinery and production plants as well as investments in the construction and commissioning of a new logistics center in Germany. Investments in intangible assets amounted to €4.0m (2021: €4.6m) and mainly comprised investments for development activities.

North America

JOST recorded robust growth in North America in both transport and agriculture in fiscal year 2022, increasing sales considerably by 53.1% to €396.3m (2021: €259.0m). The very strong order situation and the high sales volume had a positive impact on JOST's operating performance in the region, since it continued to benefit from fixed cost degression. The war in Ukraine had little impact on the production capabilities of North American OEM customers and suppliers, even though North America was also adversely affected by global cost inflation and supply bottlenecks. The appreciation of the US dollar against the euro boosted the region's performance.

We significantly increased adjusted EBIT in 2022 by 50.6% to €35.7m (2021: €23.7m). Here too, the rise in material and logistics costs had an adverse impact on JOST's operating profit. However, we largely compensated for this negative effect thanks to significantly higher utilization of production capacity by comparison with the previous year. Another positive was the thriving aftermarket business. In overall terms, the adjusted EBIT margin in North America remained stable year-over-year in fiscal year 2022 at 9.0% (2021: 9.1%).

The group invested €6.4mm in North America in the 2022 fiscal year (2021: €4.1m), primarily in property, plant and equipment. This figure mainly comprised replacement investments for machinery and production plants.

Asia-Pacific-Africa (APA)

In fiscal year 2022, in the Asia-Pacific-Africa region JOST benefited from strong growth in India, Australia, South Africa and Southeast Asia. Thanks to its very favorable performance in these countries, JOST was able to offset the strong decline in the Chinese market in 2022. Sales in APA in 2022 thus increased slightly, by 0.8% to €172.8m (2021: €171.4m). The order situation in India, the Pacific region and South Africa was very robust in 2022. This stands in contrast to China, where orders were weak due to market pressures.

Despite China's weakness, JOST was able to increase adjusted EBIT in APA by 24.7% year-over-year to €37.4m (2021: €30.0m), since the regional product mix with a particularly high proportion of high-margin off-road applications was more beneficial than in the previous year. The shift in the product mix is attributable to the downturn in the Chinese market, as there tend to be fewer off-road applications in China. In overall terms, JOST improved its adjusted EBIT margin in APA to 21.7% in fiscal year 2022 (2021: 17.5%).

We invested €5.9m in APA in 2022 (2021: €2.0m), primarily in property, plant and equipment. Capital expenditure focused on the construction of a new production plant in India.

Net assets

Balance sheet structure

Assets

in € thousands	31.12.2022	31.12.2021
Noncurrent assets	516,254	522,472
Current assets	488,326	462,382
	1,004,580	**984,854**

Equity and liabilities

in € thousands	31.12.2022	31.12.2021
Equity	360,209	307,152
Noncurrent liabilities	341,643	388,591
Current liabilities	302,728	289,111
	1,004,580	**984,854**

In fiscal year 2022, JOST's total assets increased by €19.7m to €1,004.6m (December 31, 2021: €984.9m).

Noncurrent assets declined by €6.2m to €516.3m (December 31, 2021: €522.5m), the main reason being the €35.4m reduction in other intangible assets to €233.5m due to the amortization of intangible assets from purchase price allocation (PPA) (December 31, 2021: €268.9m). The increase in property, plant and equipment by €23.9m to €154.4m partially offset this effect (December 31, 2021: €130.5m). The increase in property, plant and equipment was mainly caused by the rise in assets under construction and right-of-use assets for land in connection with the construction and commissioning of a new logistics center in Germany and the start of construction of a new production plant in India. Moreover, the €5.8m increase in the carrying amount of the investment in JOST Brasil accounted for using the equity method to €19.8m also resulted in a rise in the volume of noncurrent assets in fiscal year 2022 (December 31, 2021: €14.0m).

Current assets rose by €25.9m to €488.3m (December 31, 2021: €462.4m). This increase was mainly driven by higher inventories and trade receivables.

Liquid assets dropped by €6.8m to €80.7m as of December 31, 2022 (December 31, 2021: €87.5m). Liquidity and financial position Net debt increased slightly by €3.5m to €197.4m (31 December 2021: €193.9m). Despite this slight increase, the rise in adjusted EBITDA led to a significant improvement in the leverage ratio (ratio of net debt to adjusted EBITDA) to 1.28x (December 31, 2021: 1.45x). JOST has thus achieved its goal of reducing its leverage ratio relative to the previous year.

Although the dividend distribution in the second quarter of 2022 and non-cash differences arising from the currency translation of foreign operations adversely impacted equity during the 2022 fiscal year, the equity of JOST Werke AG rose by 17.3% to €360.2m (December 31, 2021: €307.2m). The rise is mainly attributable to the considerable improvement in earnings after taxes. The reduced measurement of pension provisions, particularly as a result of the rise in interest rates, also contributed to this rise in equity. The equity ratio improved to 35.9% as of December 31, 2022 (December 31, 2021: 31.2%).

As of the December 31, 2022 reporting date, noncurrent assets decreased by €47.0m to €341.6m (December 31, 2021: €388.6m). They mainly comprise interest-bearing bank loans, pension obligations, deferred tax liabilities and other noncurrent financial liabilities. The decrease is due predominantly to the repayment of short-term interest-bearing loans and borrowings and the decline in pension obligations.

Short-term interest-bearing bank loans declined by €34.5m to €219.7m (December 31, 2021: €254.2m). They consist of promissory note loans in the amount of €142.5m. A further €78.0m stems from a financing arrangement with a consortium of banks for the acquisition of the Ålö Group from 2019. The future interest rate volatility of the floating-rate tranches is partly hedged with interest swaps. Due to the change in the discount rate, pension obligations decreased in 2022 by €20.8m to €45.2m (December 31, 2021: €66.0m). This was partially offset by the €11.8m growth in other noncurrent financial liabilities to €45.0m, which resulted in an increase in noncurrent liabilities (December 31, 2021: €33.2m). This was mainly due to the increase in lease liabilities.

Current liabilities rose by €13.6m to €302.7m in 2022 (December 31, 2021: €289.1m). This upward trend is primarily due to the €31.0m increase in short-term interest-bearing loans and borrowings to €57.9m (December 31, 2021: €26.9m). The main reason for this development was the fact that JOST drew down €15.0m from its short-term operating credit line during 2022. In addition, €12.0m has been reclassified from noncurrent financial liabilities to current financial liabilities. On the other hand, the €25.5m decrease in trade payables to €138.0m reduced current liabilities (December 31, 2021: €163.5m).

Working Capital

in € thousands	31.12.2022	31.12.2021
+ Inventories	214,290	198,434
+ Trade receivables	166,718	153,437
– Trade payables	–137,970	–163,458
= Working capital	**243,038**	**188,413**
Working capital as a percentage of sales	19.2%	17.9%

In the 2022 fiscal year, inventories rose by €15.9m to €214.3m (December 31, 2021: €198.4m) and trade receivables increased by €13.3m to €166.7m as a result of higher revenues (December 31, 2021: €153.4m). The sharp growth in the business volume compared with 2021 was the main driver of the increase in inventories and trade receivables. Higher material costs and selling prices further reinforced this effect. The ongoing bottlenecks in the procurement markets led to an additional increase in inventories because higher stocks of goods needed to be kept to bridge supply bottlenecks. The supply situation eased in the course of the third quarter of 2022, which meant that it was no longer necessary to order additional safety stock. This is one of the main reasons for the decrease in trade payables year-over-year.

Overall, working capital rose by 29.0% year-over-year to €243.0m in the 2022 fiscal year (2021: €188.4m). Despite this, JOST kept the ratio of working capital to sales below its target level of 20% at 19.2% in the 2022 fiscal year (2021: 17.9%).

Liquidity and financial position

Cash flow

in € thousands	2022	2021
Cash flow from operating activities	**56,017**	**53,401**
thereof change in net working capital	–59,196	–56,497
Cash flow from investing activities	**–25,509**	**–13,582**
of which payments to acquire intangible assets	–4,034	–4,615
of which payments to acquire property, plant, and equipment	–28,290	–15,528
thereof proceeds from sales of subsidiaries	0	7,965
thereof cash disposed of from sales of subsidiaries	0	–2,293
Cash flow from financing activities	**–36,530**	**–64,954**
Net change in cash and cash equivalents	**–6,022**	**–25,135**
Change in cash and cash equivalents due to exchange rate movements	–779	4,302
Cash and cash equivalents at January 1	87,482	108,315
Cash and cash equivalents at December 31	**80,681**	**87,482**

Strict management of working capital was once again key in 2022, in order to pre-finance the group's strong growth while also coping with the challenges relating to procurement markets and supply chains. Due to the higher earnings before taxes generated in fiscal year 2022, cash flow from operating activities increased to €+56.0m (2021: €+53.4m) even though the increase in working capital had a negative impact on operating cash flow.

Cash flow from investing activities changed to €–25.5m in 2022 (2021: €–13.6m). This was mainly attributable to higher investments in property, plant and equipment of €–28.3m (2021: €–15.5m). Investments in intangible assets declined slightly year-over-year to €–4.0m (2021: €–4.6m). Overall, capital expenditure rose to €–32.3m in fiscal year 2022 (2021: €–20.1m). The main reasons for this increase year-over-year are the construction and commissioning of a new logistics center in Germany and the start of construction of a new production plant in India which is due to be commissioned in the third quarter of 2023. Capital expenditure in fiscal year 2022 amounted to 2.6% of sales and is thus in line with our target of around 2.5% (2021: 1.9%). There were no investment obligations as of December 31, 2022. Unlike in the same period in the previous year, in fiscal year 2022 no proceeds arose from the sale of subsidiaries. The previous year's figure had included €8.0m from the sale of JOST UK Ltd.

Owing to the higher capital expenditure, free cash flow (cash flow from operating activities less payment made for the acquisition of property, plant and equipment and intangible assets) fell to €+23.7m in the third quarter of 2022 (2021: €+33.3m).

Cash flow from financing activities declined to €–36.5m (2021: €–65.0m). The key driver of the trend in cash flow from financing activities in 2022 was the repayment of short-term and long-term interest-bearing loans totaling €–178.3m (2021: €–43.3m). The repayment of the loans was mainly funded by issuing new promissory notes. Cash inflows from short-term and long-term interest-bearing loans in the 2022 fiscal year totaled €+175.0m (2021: €+8.9m). Beyond this, the dividend payout of €–15.6m reduced cash flow from financing activities (2021: €–14.9m).

As of the December 31, 2022 reporting date, liquid assets amounted to €+80.7m (2021: €+87.5m). JOST's financial position is thus highly robust, enabling us to continue to implement our corporate strategy.

Principles and objectives of financial management and the dividend policy

Our financial management is guided by our corporate strategy and by the requirements of our operating business. The objective of our financing policy is to hold ample liquidity reserves at all times to give the group the necessary financial flexibility for further growth, to limit financial risks – if necessary by using derivative financial instruments – and to optimize the cost of capital through an adequate capital structure.

It will also allow the group to take advantage of any acquisition opportunities that arise. For this, in addition to the possibility of raising additional finance on the capital markets, the group has a revolving facility of €150.0m in place as of December 31, 2022, of which an amount of €110.0m remained available to us at the reporting date.

We pursue a consistent dividend policy based on the group's results of operations and financial position. When our business performs positively, we want our shareholders to participate in JOST Werke AG's success through continuous dividend income. The planned payout ratio is 35% to 50% of consolidated net profit after tax, depending on the company's capital requirements, among other things. However, our ability to distribute dividends may be limited by the terms of existing or future debt or preferential instruments.

The Executive Board and the Supervisory Board intend to propose to the General Meeting a dividend of €1.40 per share for the 2022 fiscal year (2021: €1.05). This represents an increase in the total dividend payout of 34% to €20.9m (2021: €15.6m). The payout ratio is 35% (2021: 36%).

Research and development

Product innovations are an important pillar of our corporate strategy. We want our products and services to support the technological shift to more sustainable and intelligent commercial vehicles in both the transport and agricultural sectors. At the same time, we want to design our products and manufacturing processes to be more sustainable in order to minimize the resources and energy used in production and thus improve our resource efficiency.

We want to apply our know-how in the transport and agriculture sectors to offer our customers innovative solutions and products that make commercial vehicles safer and easier to handle while enabling them to improve efficiency and expand the flexibility and versatility of their equipment.

Our product development capacities for both advance and application development of our transport business line are essentially concentrated in our facility at Neu-Isenburg in Germany. Product development for the agricultural segment is mainly located in Umeå, Sweden. Our longstanding international suppliers mostly receive technical support from Neu-Isenburg and Umeå and are closely involved in the development process. In 2022, we employed an average of 152 people worldwide in this area (2021: 147).

Research and development expenses were up 9.4% in 2022 to €19.7m (2021: €18.0m). Our research intensity (research and development expenses as a percentage of sales) was 1.6% (2021: 1.7%). Development costs totaling €3.9m were capitalized during the year under review (2021: €4.2m), resulting in a capitalization rate of 19.7% (2021: 23.3%). Amortization of capitalized development expenses amounted to €1.4m during the 2022 fiscal year (2021: €1.4m).

It is important for us to continue pressing ahead with the further development of our product portfolio in order to enhance the future viability of JOST. By doing this, we want to help our customers to shape the transformation of our industry towards modern, more intelligent mobility and logistics models. We are therefore researching and developing new technologies and products to optimize our current connection solutions and enable their integration into digital or electric commercial vehicles.

In 2022, our research and development activities in the transport sector focused on further improving the safety and efficiency of the coupling process between trucks and trailers. With our King Pin Finder, we developed and launched a fifth wheel featuring an integrated camera which helps with the coupling process via the dashboard in the driver's cab. The King Pin Finder assists with this by displaying a live camera image in the driver's cab while reversing and can thus enhance the safety and comfort of the complex coupling process. In the agricultural sector, in 2022 we developed a series of new implements which minimize interruptions during harvesting and feeding and support professional farmers' growing performance requirements.

Our research and development activities also looked closely at CO_2 and weight reduction in both the transport and agriculture sectors. In 2022, we launched new products whose reduced weight enables more efficient vehicle use with a maximum load and thus brings down the vehicle's fuel consumption and carbon emissions. Detailed information about this can be found in the "Innovation and product management" section of the Sustainability Report 2022.

Report on opportunities and risks

Risk management system and internal control system

As a result of its business activities as an international group, JOST is exposed to a number of risks that are inseparably linked with its commercial endeavors and cannot be completely eliminated despite taking all due precautions. The JOST Werke Group's risk management system is designed to identify, assess and counteract risks at an early stage. In addition to meeting legal and regulatory requirements, a functioning risk management system ensures the JOST Werke Group's long-term ability to perform in its competitive environment and achieve its corporate goals.

The Executive Board of JOST Werke AG is responsible for an effective risk management system and determines the risk policy that forms the basis for the activities of all parties involved in the risk management process. The overriding principle is to ensure the group's achievement of corporate goals, continued existence, competitiveness and business success, and, in doing so, consciously take on the risks associated with the business while ensuring that such actions create value for the company and do not compromise its corporate objectives.

The JOST risk management system was introduced in 2017. It is based on the ISO 31000 standard entitled "Risk Management – Principles and Guidelines" and is an integral component of the management process. The system is aligned with the risks the group is exposed to and comprises the following core elements: risk identification, risk assessment, risk management and risk monitoring. At JOST, opportunities and risks are defined as potentially positive or negative deviations from targets and projected figures for earnings before taxes (EBT) or liquidity. As a result, it is important to ensure that the group's risk management system efforts are geared towards future value and possible events and thus make a contribution to the future viability of the group.

The risks were recorded in an internally defined process by means of checklists, control procedures, workshops and interviews. Newly identified risks can be included in the risk management system at any time. After the risks for each risk field are identified in a structured manner (risk inventory), the assessment is carried out based on the relevance scale predetermined by the Executive Board. These risk fields are based on the JOST process landscape and internal procedures of the JOST Werke Group and serve to structure the identification of risks. Direct responsibility for identifying and managing business opportunities and risks at an early stage lies with the risk owners in each of our departments. In addition to identifying and assessing these risks, the risk managers' role is to develop, introduce and monitor suitable measures. The purpose of these measures is to avoid, mitigate or transfer risks.

The relevance scale for risk assessment is an expression of the overall importance of each risk for JOST and is designed to combine communicability with risk quantification and prioritize risk management efforts. The assessment of all risks is based on a certain probability of occurrence (according to the levels: highly unlikely, unlikely, possible, likely, highly likely) and on the financial impact of the risk (extent of loss according to the levels: very low, low, medium, high, very high), as shown in the matrix chart below. The probability of occurrence and the extent of loss are assessed both before and after factoring in implemented measures (gross and net approach). Assessing the probability of occurrence and the extent of loss of future events and developments is naturally subject to uncertainties. We cannot always precisely foresee and counteract these events and developments.

Relevance scale for the potential deviation from EBT or liquidity target

	Up to 3%	> 3% and up to 10%	> 10% and up to 40%	> 40% and up to 80%	> 80%
Probability of occurrence	Highly unlikely	Unlikely	Possible	Likely	Highly likely
	Up to €1m	> €1m to €3m	> €3m to €10m	> €10m to €30m	> €30m
Extent of loss	Very low	Low	Medium	High	Very high

Risk monitoring is done decentrally as each risk owner is responsible for analyzing, assessing and monitoring the risks assigned to him and for taking countermeasures if required. The risk owner's information about their risks is consolidated by central risk management and presented to the Executive Board twice a year in the form of an internal risk report. This report provides a detailed overview of the current risk situation. The Executive Board will be informed promptly and directly of any acute opportunities and risks (ad-hoc reports).

JOST uses an integrated software solution for risk management. This allows risk owners to monitor, manage and assess their risks independently in the system. This was successfully carried out by the relevant responsible persons for the half-yearly and annual report. Interviews and workshops with the responsible persons are still organized once a year to further improve their awareness and handling of risks and opportunities. The system also enables the current risk status to be checked regularly. As a rule, risk owners must periodically update and assess their risks and, if necessary, initiate, confirm and approve suitable measures.

Since 2021, the risk management system has considered multiple future periods to gain a better overview of potential developments and meet the requirements of an early warning system. Three periods were considered and assessed in line with auditing standard IDW AuS 340 new version. In addition to the usual 12 months, those responsible also assessed the two subsequent years. Risks are also considered on a gross and net basis to show the effectiveness of risk reduction measures.

Tools such as the group-wide environmental and quality management system as well as various hedging instruments, insurance policies and standards also flank the internal control system, where all operational processes are recorded. In addition, instruments for managing compliance issues such as a whistleblower system and a code of conduct have been introduced across the group and are being constantly refined. Regulatory monitoring of laws and guidelines, for instance, is carried out by the compliance officer and Internal Audit, who are advised by external lawyers, if required.

With the risk management system and the entire internal control system (ICS), the Executive Board has created, introduced and implemented processes designed to manage and control the group appropriately and effectively. Independent monitoring and audits, particularly audits conducted by Internal Audit, are carried out at regular intervals. By doing this, Internal Audit is supporting the continuous improvement of these systems. The team reports its audit findings and resulting recommendations for action to the Executive Board and the Audit Committee of the Supervisory Board.

The Executive Board is not aware of any matters arising from the inspection of the internal control and risk management systems or the reports submitted by Internal Audit that call the appropriateness and effectiveness of these systems into question.[1]

Internal control and risk management system relevant for the consolidated financial reporting process

The goal of the internal control and risk management system related to the group's financial reporting process (ICS) is to ensure the completeness, correctness and effectiveness of the accounting and financial reporting of JOST Werke AG and the group. The ICS is designed to ensure that the accounts comply with statutory regulations, principles of proper accounting and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and internal group policies. The ICS is intended to support the group in avoiding accounting errors or identifying them early on so that users of the consolidated financial statements receive valid and reliable information.

In particular, the fundamental principles of the internal control and risk management system (ICS) in relation to financial reporting implemented by the JOST Werke Group include structured process workflows, clear roles and responsibilities that take into account the separation of functions and the dual control principle, systematic coordination and approval processes, compliance with internal guidelines, and other defined preventative and supervisory control mechanisms.

[1] These disclosures are not included in the audit of the annual financial statements.

Technical and organizational IT measures such as an authorization concept and the introduction of automatic data backup ensure consistent data processing. A variety of IT security features provide the installed financial systems with the best possible protection against unauthorized access.

Group Controlling monitors the operational and financial processes by checking plan-actual variances and actual-actual variances on a monthly basis, thus ensuring that significant and implausible changes are discovered at an early stage.

The scheduled preparation of the consolidated financial statements and group management report is subject to a binding schedule stipulated for all group companies. The companies included in the basis of consolidation prepare their financial statements locally and send them to the central Group Accounting department in a consistent format. The financial reporting for group companies is carried out via the COGNOS reporting system. Standardized accounting is ensured, in particular, by the accounting manual applicable throughout the group, which is regularly updated and maintained by Group Accounting. Changes to existing accounting principles with an impact on the financial statements of JOST Werke AG and its subsidiaries as well as on the consolidated financial statements are promptly analyzed and the companies informed as appropriate. Group Accounting serves as a central point of contact for special technical questions and complex accounting issues. External experts such as auditors or qualified appraisers are consulted where necessary. Although the companies are responsible for compliance with the accounting manual and the proper operation of their financial reporting-related processes and systems, Group Accounting supports them in this regard.

Group Accounting carries out comprehensive quality assurance of the financial statements of group companies included in the consolidated financial statements and is responsible for preparing the consolidated financial statements. Furthermore, both the data and information provided by group companies and the consolidation measures required to prepare the consolidated financial statements are verified by audit procedures carried out by external auditors, taking the associated risks into account.

Opportunities and risks

In the following paragraphs, we outline the opportunities and risks that from today's perspective may significantly impact the results of operations, financial position and net assets of our business. In addition to the opportunities and risks outlined here, there may be other influencing factors that we do not currently consider significant or are not yet known to us that could have a positive or negative effect on the net assets, financial position and results of operations of the group.

Unless specified otherwise, the opportunities and risks outlined here affect all of the group's operating segments. If opportunities and risks affect the various operating segments differently, these differing assessments are explicitly stated.

The opportunities and risks identified as significant are outlined below by business area. Risks that have arisen from the global spread of the novel SARS-CoV-2 virus ("coronavirus") since the start of 2020 are explained in more detail in a paragraph at the end of this chapter that applies to the entire group.

Risks

Macroeconomic and sector-specific risks

The macroeconomic and sector-specific environments have a significant impact on our business. Due to the economic dependency of the sector in which we operate, cyclical economic downturns, particularly in the commercial vehicle industry or in agriculture, may adversely affect our business.

The political, social or economic environment and negative changes in countries in which we and our customers operate could have an adverse impact on our business and on our results of operations, financial position and net assets. Shifts in market share among vehicle segments or a decrease in market share of vehicles for which we supply significant parts could have an adverse effect on our business. Similarly, an unexpectedly strong upturn in the demand for commercial vehicles may mean that our production capacity is not sufficient to cover actual demand for our products, causing us to lose market share.

According to a study by the International Monetary Fund (IMF) published in January 2023, the ongoing Russia-Ukraine war, high inflation and rising interest rates will have an adverse impact on anticipated global economic growth during the 2023 fiscal year. While the future course of the war in Ukraine remains uncertain, we do not currently expect it to have any material impact on our business. Any possible effects arising from high energy prices or continuing supply bottlenecks are taken into account under production and procurement risks.

At the time of preparing this report leading indicators point to a slowdown in the global economy and international trade. The IMF nonetheless expects moderate economic growth in all economies relevant to JOST in 2023 despite the high level of uncertainty.

The international scope of our business model enables us to reduce our dependency on individual countries and regions, thus allowing us to spread risk more effectively. Nevertheless, an unexpected deterioration in the global economy could have a negative impact on willingness to invest in the commercial vehicle industry and in the agriculture sector and thus adversely affect our business.

In its January 2023 study, forecasting institute LMC Automotive currently expects global truck production to grow by 6.2% year-over-year in the 2023 fiscal year. In a study carried out in August 2022, forecasting institute Clear Consulting also expects the global trailer market to grow by around 2.1% versus 2022 in 2023 even if a slight dip in demand is forecast for Europe.

According to data from February 2023, agricultural OEMs expect demand for tractors to remain stable year-over-year at a high level. In addition to overall economic developments, the weather, climate change, animal diseases and declining prices for agricultural products could all have a negative effect on the sales and earnings performance of our agricultural components business. Climate change and the associated rise in extreme weather events such as heatwaves, floods or drought could also have a direct negative effect on agriculture and could impact our sales of components for agriculture.

We believe that current macroeconomic and sector-specific risks are moderate. We assess the probability of occurrence as possible. This risk is unchanged compared to the previous year.

Competition risks

The industry in which we operate is characterized by intense competition. We primarily compete on the basis of quality, safety, price, service, speed and accuracy of delivery and the ability to quickly and reliably offer replacement parts for our products internationally. Consolidation of our competitors or an oversupply in the market may adversely affect our business, financial position and results of operations.

To address this risk, we seek to expand our product portfolio, open up new market regions with new and existing products and further increase the international market penetration of our products as part of our strategy. At the same time, we strive to steadily extend the technological leadership of our core and niche products through our research and development work. We also seek to further reinforce the international positioning of our brands in the transport and agriculture industries in order to differentiate ourselves from our competitors more effectively. We maintain a close and longstanding relationship with our customers and try to anticipate their needs and offer them suitable solutions with our products.

We believe the significance of these competition risks for our business is moderate and rate their probability of occurrence as possible. This risk is unchanged compared to the previous year.

Risks arising from business activities

We generated more than one third (about 41%) of our 2022 sales from OEM truck and OEM tractor customers. These are a highly concentrated markets with only a limited number of global manufacturers. By contrast, the trailer market, where we also generate more than one fourth of our sales (about 31%), is significantly more fragmented and is served by several hundred manufacturers, most of whom operate regionally. The remaining share of sales (about 28%) comes from our aftermarket activities, where the number of customers is also high. Thanks to this relatively well-balanced sales distribution, none of our customers is responsible for more than 10% of our sales despite high concentration within the OEM truck market. We also aim to constantly win new customers while ensuring that our customer structure remains balanced by entering new regions and expanding our product portfolio. Nevertheless, the bargaining power of major customers may still have a negative impact on our sales and results of operations.

Due to the safety-critical nature of our products, defects or production errors may adversely affect our sales and results of operations. This may damage the reputation of our company and diminish the value of our brands. We have concluded global liability and recall insurance policies to address risks arising from production errors. Naturally, however, we primarily focus on constantly monitoring our internal organization and training our workforce on an ongoing basis in order to minimize the aforementioned risks as much as possible. This includes conducting comprehensive tests and trials before a new or modified product is approved for production. Similarly, the quality of production is continually monitored and ensured using appropriate process management.

We believe the significance of these risks arising from our business activities is low, and we rate their probability of occurrence as unlikely. This risk is unchanged compared to the previous year.

Production risks

Our production processes are professionally managed. They are continually reviewed and improved as part of various certifications according to DIN ISO 9001 and IATF 16949 (quality) and, at selected sites, DIN ISO 14001 (environment) or ISO 45001 (occupational safety). However, our production activities could give rise among other things to environmental risks that we minimize by having our environmental management systems certified.

Nevertheless, despite taking extensive action we cannot completely rule out the possibility of unplanned business interruptions such as those caused by natural disasters or major events. Furthermore, the failure of important key systems cannot be fully excluded despite all due precautions and preventative measures. These risks are covered as far as possible by our insurance policies and are assessed and mitigated as part of our emergency planning. We also work to continually improve the efficiency and effectiveness of our production processes and management systems. The outbreak of epidemics in countries where JOST has production plants may also lead to downtime over which JOST will have no control.

Despite a strong focus on quality, quality risks leading to recalls cannot be completely ruled out.

As a result, we believe the aggregated potential impact of these risks is moderate. We still rate the probability of future production downtime as possible on the whole. The assessment is therefore slightly higher for the previous year (low; possible) due to the fact that the risk arising from bottlenecks in the distribution of electricity and gas for a small number of European locations is higher than in the previous year.

Corporate strategy risks
JOST's corporate strategy aims to continuously increase the value of the enterprise. Strategic decisions regarding investments, technology and product development, locations, acquisitions and joint ventures as well as structural changes within the organization are associated with complex risks that cannot be completely excluded. We may be unable to anticipate changing technologies in order to be able to adapt to them quickly or take advantage of them. We may be unable to successfully integrate current or future acquisitions and joint ventures as well as newly opened, acquired or relocated plants, and achieve the expected benefits. These risks may reduce acceptance of our products, damage our brands' image, reduce our market share and adversely affect the results of operations and financial position of the group.

As a result, we carefully review these strategic decisions in several stages. A best practice exchange exists between individual group locations. We constantly monitor the development of conditions in the different regions in order to identify market trends or regulatory changes at an early stage. We work continuously to create efficient structures and optimize processes in all business units in order to enhance our flexibility.

We currently believe that the potential impact associated with these strategic risks is low and that the probability of occurrence for this risk is unlikely. This risk is unchanged compared to the previous year.

Procurement risks
JOST is affected by fluctuations in the prices of the materials used. Unfavorable market trends such as the increase in energy and commodity prices constitute a significant procurement risk to the JOST Werke Group. We are also dependent upon a limited number of suppliers for certain products and subcomponents. Supply interruptions, price increases, and supply and capacity bottlenecks caused by the loss of suppliers may have an increased impact on our production and sales. Similarly, the outbreak of epidemics, wars or natural disasters in regions in which our suppliers or their upstream suppliers produce their goods may lead to supply interruptions as well as supply and capacity bottlenecks.

To enhance the competitiveness of the group and safeguard our supply chain, we are continually on the lookout for new supply sources that are competitive in terms of both quality and price. We also negotiated longer-term contracts with major suppliers worldwide. In some cases, we were able to select new suppliers for certain products, which we qualified to maintain our high quality requirements beforehand. This is an ongoing and time-consuming process involving special requirements in terms of quality, compliance, sustainability and logistics. The aim is to further stabilize input material prices on the supply side and reduce them in relation to market indicators.

We believe that the aggregate procurement risks to our business are medium and rate their probability of occurrence as possible. This risk is lower compared to the previous year because price increases as seen in 2022 are no longer expected for 2023.

Human resources risks
To a significant degree, the JOST Werke Group's growth potential is shaped by its capacity for innovation. Our employees' skill and commitment play a key role in our company's success in this respect. The level of competition for highly qualified employees and executives remains very high in our relevant markets. The low level of unemployment and the process of demographic change are exacerbating the shortage of skilled workers and carry the risk of rising personnel expenses. This competitive situation is increasingly posing a challenge in terms of our public profile as an attractive employer.

Staff shortages can restrict the further development, production and sale of our products and services, which in turn can impact negatively on the JOST Werke Group's earnings. The loss of experts and senior managers in key positions can also have a negative impact on the business. The future success of the JOST Werke Group therefore also depends on to what extent the company is able to hire, integrate and retain skilled workers and executives. Country- and industry-specific fluctuation risks must be identified in advance and addressed in a targeted manner, in order for the company to retain skills and abilities which are critical to its success and the development of its business. The recruitment and retention of skilled workers and talent are among the company's top priorities and are promoted, for instance, by carrying out employer branding initiatives, implementing global talent and succession processes and offering competitive remuneration packages. In order to succeed as a business, we are also continuously making changes to the nature of our collaboration and our management culture.

In the event of a fluctuating order situation, JOST is able to react flexibly from the point of view of the assignment of personnel, regardless of whether order volumes drop or the level of demand for our products picks up. Our factories can adjust their capacity in line with production volumes by means of flexible work time accounts, additional shifts, closures and flexible shift models as well as statutory measures such as short-time working. Temporary employment is another tool which assists with flexibility. In case of a variable order situation, we are thus generally able to keep on all of our permanent staff.

We currently believe the possible impact for human resources risks to be moderate and their probability of occurrence to be possible. The overall level of risk has increased slightly year-over-year since JOST – like many other companies – is suffering due to the shortage of skilled workers and is in some cases only able to fill vacancies subject to a delay.

IT risks

The security and reliability of information technology is of great importance to JOST. Faults in the operation of information systems and networks may threaten the availability of IT services at our locations and adversely affect productivity. Due to various quasi-monopolies in the IT market and a lack of competition, there is a dependence on individual software suppliers and service providers. Cybercrime is also on the rise and poses an increased threat to the IT security of affected companies. Unauthorized data access, data loss and business interruptions and breakdowns caused by cyber-attacks on IT and business processes pose a threat to the group. The increasing organizational and technical networking of our global locations increases the complexity of and demands upon the availability and security of our IT systems.

We address this risk by pursuing a central IT strategy to consistently ensure that the group has a robust IT competence profile and implementation managers at each of its sites. We work with established standards and have various control procedures relating to system availability, integrity and confidentiality, and to data security, data protection and IT management. As the exchange of up-to-date, complete and correct information is very important to JOST, the need to protect this information is addressed accordingly using secure IT systems and infrastructure. We also defined and implemented technical and organizational measures as well as additional preventative measures (e.g. protection of redundant data centers) and reactive measures (e.g. emergency planning) designed to further limit IT risks. We actively counteract this risk with the help of our IT security policy and by continuously refining how our IT security is organized, issuing group-wide security standards and carrying out regular simulated hacker attacks and penetration tests. We also constantly update our IT security systems and take care of the lifecycle management of our IT landscape. Our employees are consistently made aware of the issues of data protection and data security and given training in this area.

We currently believe that the potential impact of these IT risks on our net assets, financial position and results of operations is low and that the probability of occurrence is possible. The overall expected value of risks is therefore at the level of the previous year.

Financial risks

Due to our activities as a global group, we are inevitably exposed to financial risks primarily arising from fluctuations in currency prices, interest rates and prices. Credit losses also represent a special financial risk.

Significant exchange rate fluctuations in the euro against other currencies, particularly the Swedish krona, US dollar and Chinese renminbi, may have an impact on our income statement. JOST's traditional transport products are manufactured in its key sales markets, which provides sufficient "natural hedging" against currency-related transaction risks. Where economically feasible to do so, we optimize our goods flows so that we do not have to withdraw from any currency regions. By contrast, a significant proportion of agricultural products are manufactured centrally before being sold to various sales markets around the world. The resulting risk of the impact of exchange rate fluctuations is partially offset by currency hedging. There is also a translation risk as a result of the currency translation of the balance sheets and income statements of our foreign subsidiaries into euros. Currency fluctuations can also influence payment streams from the dividends received from our subsidiaries and have an impact on profitability. Some of the currency risks are hedged.

Liquidity management within the group protects us against liquidity shortages. Available liquidity reserves are constantly monitored and deviations between development targets and actual figures reviewed at regular intervals. The level of liquid assets and the strong cash generation of our business model are a reflection of the group's robust financing structure. We also have a revolving cash facility in place, most of which had not been utilized as of the December 31, 2022 reporting date. There is an interest rate risk for the floating-rate loans, a portion of which is hedged by interest rate swaps.

JOST is also exposed to credit risks arising from its customer portfolio and from credit balances at banking partners. Where possible, we take out credit insurance to counter this risk.

Overall, we believe the potential impact arising from financial risks is low and the probability of occurrence is unlikely. The assessment has not changed compared with the previous year. Further information on financial risks and their management can be found in note 47 of the notes to the consolidated financial statements.

Legal risks

We strive to avoid or control legal risks. Nevertheless, the JOST Werke Group is exposed to numerous provisions under tax, competition, patent, antitrust, trademark and environmental law in the course of its international business activities that, if violated, may incur costs and damage the image of the company. We are subject to export controls that could subject us to liability or impair our ability to compete in international markets. Governmental regulations or taxes could increase our costs and could adversely affect our business and results of operations. We are exposed to warranty and product liability claims. We are subject to risks from legal, administrative and arbitration proceedings. There is also the risk that losses will arise from warranty obligations, disputes connected with damages claims and payment demands. However, we have established appropriate provisions for such eventualities.

We use a wide range of internal control mechanisms including a code of conduct, whistleblower system and different internal policies to prevent and quickly identify potential violations in order to minimize these risks. We also offer regular workshops and employee information on export control and permanently check our business partners against sanctions lists.

We therefore believe that the potential impact of legal risks on our net assets, financial position and results of operations is low and unlikely. They are unchanged compared to the previous year.

Risks arising from coronavirus

We were impacted by the coronavirus pandemic again in 2022. The global spread of the virus and its mutations continues to affect all of the group's markets and activities in one form or another, albeit to a much lesser degree than in the previous year. For a company with a global presence, the effects of the pandemic can be felt differently in various areas and regions. The measures introduced to protect the population are also impacting the commercial activities of some companies. As a result, there remains a risk of market slumps, further production reductions or interruptions, supply chain disruption, bad debts arising from insolvencies and the risk of infection among our employees. However, this risk has decreased significantly by comparison with the previous year, since the world has learned to deal with the infection and precautions are being eased. Having been badly affected by its coronavirus-related lockdowns in the past fiscal year China is now also set to ease its zero-COVID policy in 2023, so that here too fewer coronavirus-related disruptions are to be expected. We currently believe this risk is low and that the probability of occurrence is possible (previous year: medium).

Opportunities

Macroeconomic and sector-specific opportunities

Our global business activities and positioning as an innovative and service-oriented provider of branded products for trucks, trailers and agricultural tractors constantly opens up new opportunities for the group.

Increasing economic globalization is boosting demand for international freight transport and the growth of international transport infrastructure, particularly in emerging and developing countries. Megatrends such as urbanization, e-commerce and digitalization offer fundamental opportunities for freight transport, as trucks are one of the primary means of transport for supplying towns and cities. Growth markets in Asia, South America, Africa and Eastern Europe represent major opportunities for JOST, as a significant amount is being invested in developing transport infrastructure in these markets.

Demand for food to support the world's growing population is also steadily increasing. According to the United Nations report entitled The State of Food Security and Nutrition in the World 2021, between 702 and 828 million people were suffering from hunger in 2021. The coronavirus crisis has significantly worsened the situation for the world's starving people. Increasing agricultural productivity and rural development are therefore vital for global food security. Part of JOST's future growth strategy is to sell Quicke's systems and components for agricultural tractors not only in Europe and North America but also in developing and emerging countries where demand for the industrialization of agriculture is steadily increasing. We see major opportunities for our company in this area.

We expect these opportunities to have a positive impact on sales and results of operations of all of our operating segments in the short to medium term. Due to our strong global presence, we are well positioned to benefit from dynamic growth in emerging and developing countries. The APA segment and business in South America in particular could grow faster as a result. For instance, in 2022 JOST initiated the construction of a new production plant for agricultural products in India. The new plant is due to be commissioned in the third quarter of 2023. In connection with this project, JOST signed two new supply agreements with agricultural OEMs in India in 2022. In the medium term, they will make a significant contribution to the growth of our business in the region. For this reason, we believe the opportunities provided by this development to be moderate and their probability of occurrence to be high in the 2023 forecast period.

Sustainability opportunities
Growing awareness of the need for a more sustainable economy also opens up new prospects for JOST. Sustainable value chains are becoming increasingly important in both the transport and agriculture sectors.

As a company that thinks and acts sustainably, we can not only use our products and developments to help our direct customers and the end users of our products to become more sustainable, but can also exert an influence on our own operating activities and find opportunities to run our business in a more efficient and environmentally friendly way. We want to significantly reduce the energy consumption and carbon emissions involved in manufacturing our products. As early as the development phase, our products are evaluated and developed in line with the United Nations' sustainability goals. JOST aims to reduce Scope 1 and Scope 2 carbon emissions per production hour by 50% by 2030 compared to the 2020 base year. See Sustainability Report 2022

We also see opportunities to develop new systems and products in both the transport and agricultural businesses that offer our end users an improvement in occupational health and safety and more comfort. By introducing more automation, sensor technology and mechatronics, our newly developed systems can minimize human error, prevent industrial accidents and reduce user fatigue during long operating times. This is crucial for professional use and adds value for fleets and agricultural service providers. See Sustainability Report 2022 / Innovation and product management.

We believe the opportunities provided by this development to be moderate and their probability of occurrence to be possible in the forecast periods spanning the next years.

Opportunities from research and development
Autonomous driving is an important industry trend that is opening up major growth opportunities for our group. We consider ourselves to be a market leader in manufacturing products and systems that link trucks with trailers. For this reason, we are making it a point of emphasis to invest in research and development with the aim of developing an autonomous coupling system between trucks and trailers that enables a future autonomy of the coupling process that to today is still largely carried out manually by the driver. We see this as an important step on the path to the fully autonomous driving of commercial vehicles. We are also seeing a trend toward autonomous driving tractors in agriculture and identify synergies for JOST's research and development activities in transport and agriculture in this context.

By doing this, it is important that we generate efficiency gains to create added value for the users of our products, i.e. fleet operators and farmers. We also expect the electrification of powertrains in the transport sector to provide an additional boost to the market, from which we can benefit.

We believe the medium to long-term opportunities posed by the successful development and marketing of such systems are significant for our net assets, financial position and results of operations. The Europe and North America segments in particular are expected to profit from these opportunities, as end customers in industrialized nations are the most interested in improving the degree of automation in their commercial vehicles. However, we believe the opportunities provided by this development to be low and their probability of occurrence to be unlikely in the short-term 2023 forecast period.

Opportunities arising from regulatory changes
New regulatory requirements for commercial vehicles represent important opportunities for our group, as they are often associated with accelerated orders of commercial vehicles that can still be registered pursuant to the old standards, or subsequent orders that meet the new requirements.

In the medium term, new standards in the transport or agricultural markets will compel or at least incentivize fleet operators and farmers to become more efficient and sustainable. This will boost interest in more technologically advanced and sustainable products. We believe this presents us with good opportunities for expanding our product portfolio in Asia in particular. We are also noticing a trend in which more and more developing countries are tightening their safety regulations for commercial vehicles and developing more stringent requirements for maintaining environmental standards. Developments such as these will increase the demand for new products in the Asia-Pacific-Africa region.

Overall, we believe that these opportunities have a low significance and an unlikely probability of occurrence in the 2023 forecast period.

Procurement opportunities
We have identified good opportunities for JOST's global procurement activities by identifying new suppliers who meet our high product demands and thus expanding our international supplier landscape. This means we can avoid dependencies, enhance our

flexibility and bargaining power and increase our competitiveness by balancing out cost and currency differences between countries and regions more effectively. When checking the credentials of new suppliers, we also pay attention to compliance with sustainability standards and ensure that our supply chain becomes increasingly sustainable with the help of our Supplier Code.

We expect the current bottlenecks in the supply chain to ease during the 2023 forecast period, thus enabling us to further optimize our international goods flows. We believe these opportunities will have a low to medium positive impact on the results of operations of all our operating segments and rate their probability of occurrence as possible.

Corporate strategy opportunities
Growth through acquisitions and investments is another part of our business strategy aimed at both expanding and further deepening our product and process portfolio. We have a proven expertise in implementing and integrating acquisitions. The successful acquisition and integration of the Ålö Group in fiscal year 2020, despite the negative impact of the coronavirus pandemic on business and travel, is a testament to this expertise.

Acquisitions will continue making an important contribution to JOST's growth in the future. The group's strong liquidity position and the opportunity provided by the stock listing to obtain additional financing from the capital markets as required thus gives it the necessary strength to be able to make further acquisitions in the short to medium term. We are constantly monitoring the market and actively searching for potential acquisition candidates that could promote the implementation of our growth strategy.

We believe the short- to medium-term opportunities in terms of corporate strategy are moderate and their probability of occurrence is possible.

Overall assessment of the Executive Board on opportunities and risks

The JOST Werke Group's risk management system enables the company to identify, assess and, if necessary, counteract going-concern risks and other material risks at an early stage. The aforementioned risks represent a consolidated consideration of all risks derived from the group-wide early warning system that, if they occur, may lead to a negative deviation from the company's forecasted results. Overall, due to the measures taken to mitigate them, the risks identified do not have any impact on our net assets, financial position and results of operations that could endanger our continued existence as a going concern and are assessed as manageable. Due to changes in the assessment of individual risks, the overall risk assessment has increased, mainly in terms of probability of occurrence. Overall, this represents an increase compared with the previous year. However, at present the Executive Board has not identified any risks that may individually or collectively threaten the continued existence of the company and group as a going concern.

The Executive Board has introduced measures aimed at enabling the company to seize the opportunities that present themselves without having to take unreasonably high risks. The profitability of the JOST Werke Group offers a solid foundation for the sustainable, positive development of the company and the realization of its business plans. The Executive Board is confident that the group is well positioned to take advantage of the numerous opportunities on offer. From today's perspective, the Executive Board does not expect the aforementioned risks and opportunities to change fundamentally overall.

The report on opportunities and risks contains forward-looking statements about expected developments. These statements are based on current estimates and are naturally subject to risks and uncertainties. Actual results may differ from the estimates set out here.

Report on expected developments

Expected development of the general environment

Expected macroeconomic environment

Global economic growth continues to lose momentum in 2023. According to the International Monetary Fund (IMF), numerous aggravating factors and continuing uncertainty in the macroeconomic environment will cause the global economy to slow further in 2023. The future course of the war in Ukraine remains uncertain, while high inflation combined with rising interest rates could have an adverse impact on consumer spending and willingness to invest in 2023. Despite these challenges, the IMF does not anticipate a recession in the economies relevant to JOST in its study published in January 2023, as it expects supply bottlenecks to ease further in the course of 2023 and demand, driven by significant pent-up demand, to remain robust. Low unemployment rates in many countries are also likely to support private consumption. In light of this, the IMF predicts that the global economy will grow slightly by 2.9% year-over-year in 2023 (2022: 3.4%). International trade is also likely to grow by a moderate 2.4% in 2023 compared to 2022 (2022: 5.4%).

In Europe, the IMF anticipates small gross domestic product (GDP) growth of 0.7% in 2023 (2022: 3.5%). In the USA, the IMF expects growth to slow further, predicting GDP in 2023 to increase by just 1.4% compared to 2022 (2022: 2.0%). According to the IMF, the economy in Asia's emerging and developing countries is likely to expand by 5.3% in 2023 (2022: 4.3%), with China in particular expected to contribute growth of 5.2% to the economic recovery (2022: 3.0%). The IMF forecasts that the easing of the zero-COVID policy introduced at the end of 2022 will bolster the Chinese economy.

In India, gross domestic product is expected to rise by 6.1% in 2023 (2022: 6.8%). According to IMF estimates, Latin America will expand by just 1.8% year-over-year in 2023 (2022: 3.9%).

Expected sector-specific environment

Demand for heavy trucks likely to remain robust in 2023: Ongoing supply bottlenecks for cable harnesses and semiconductors in particular during the past fiscal year meant that demand for trucks could not be fully satisfied once again in 2022. Many orders have been shifted into 2023, and there is a need for catch-up investments among fleet operators in North America and Europe. In its study published in January 2023, market research firm LMC Automotive expects global heavy truck production to rise by 6.2% year-over-year in 2023.

According to LMC Automotive's forecasts, heavy truck production in Europe is likely to grow by 2.5% year-over-year in 2023. FTR, a research firm specializing in North America, expects truck production in the region to grow by 2.7% year-over-year in 2023. LMC Automotive predicts that heavy truck production in Asia-Pacific-Africa will increase by 14.1% in 2023. China is expected to make a major contribution to market growth, with demand for trucks in the country set to recover and the truck market likely to expand by 21.0% year-over-year in 2023 after a sharp decline in the 2022 fiscal year.

In South America, however, LMC Automotive expects the truck market to contract by 19.1% compared to 2022.

Global trailer market remains stable: According to forecasting firm Clear Consulting, the worldwide trailer market is likely to grow slightly by 2.1% in 2023. This is primarily due to the anticipated rise in demand in the Asia-Pacific-Africa region. In Europe, Clear Consulting estimates that trailer production will fall slightly compared to 2022 after robust demand over the last few years. According to forecasting firm FTR Transportation Intelligence, the North American trailer market is likely to grow by 4.4% compared to 2022. In Asia-Pacific-Africa, Clear Consulting's market experts expect trailer production to gain momentum as the Chinese economy recovers. This positive development will also be underpinned by robust demand in India and the Pacific region. Clear Consulting estimates that trailer production in APA will increase by 10.8% year-over-year in 2023. Clear Consulting expects the trailer market in Latin America to shrink slightly by –2.1% in 2023.

Agricultural tractor remains stable at a high level: Rising prices for agricultural products will continue to have a positive impact on conditions in the agricultural market in 2023. By contrast, rising prices for energy, fertilizer and seed will adversely affect farmers. For this reason, industry experts believe farmers' willingness to invest will stagnate at the previous year's high level in Europe and North America during 2023.

Group outlook

JOST expects consolidated sales to increase in the low single-digit percentage range year-on-year in the 2023 fiscal year (2022: €1,264.6m).

Adjusted EBIT is likely to develop in line with sales in 2023 and will also grow in the low single-digit percentage range compared to 2022 (2022: €123.8m). JOST expects supply chain bottlenecks to ease during the course of fiscal year 2023. By contrast, rising wages and interest rates will negatively impact the business. Despite this, JOST is seeking to largely offset these costs and slightly increase the adjusted EBIT margin for 2023 year-on-year (2022: 9.8%) by introducing efficiency measures and adjusting prices. We expect adjusted EBITDA to grown in line with adjusted EBIT at a mid single-digit percentage rate compared to 2022 (2022: €154.5m).

This forecast was drawn up on the assumption that the Russia-Ukraine war will not spread beyond the region. It is also based on the condition that there will be no unexpected extended plant closures at key JOST customers or suppliers.

Investments in 2023 will continue to focus on further increasing automation in production and bolstering JOST's regional presence in Asia-Pacific-Africa, particularly in the agricultural sector. We also want to continue improving the energy efficiency of our plants and reduce our carbon emissions even further. Overall, capital expenditure (excluding acquisitions) as a percentage of sales are expected to remain at around 2.5% (2022: 2.6%).

Net working capital as a percentage of sales is expected to improve slightly over fiscal year 2022 and come in below 19% (2022: 19.2%).

Excluding any acquisitions, leverage (ratio of net debt to adjusted EBITDA) should continue to improve compared to 2022 (2022: 1.28x).

From today's perspective and taking into account the operating performance of the JOST Werke Group during the first months of 2023, the Executive Board is confident that the group's economic position is very sound. With its broad product portfolio, aftermarket business and reliable customer service, the company is in an excellent position to continue growing profitably and sustainably.

JOST Werke AG (HGB – German Commercial Code)

Headquartered in Neu-Isenburg, Germany, JOST Werke AG is the parent company of the JOST Werke Group.

See „Fundamental information about the group“

The company is stock corporation under German law. As of July 20, 2017, its shares have been listed on the regulated market (Prime Standard) of the Frankfurt Stock Exchange. They were also admitted to the SDAX in March 2018.

JOST Werke AG's economic situation is dependent on the results generated by its subsidiaries. The business performance of JOST Werke AG is therefore subject to the same opportunities and risks as that of the group and is influenced by the same economic and sector-specific environment.

JOST Werke AG's single-entity financial statements are prepared according to the provisions of the HGB and the AktG.

Results of operations (HGB)

The gross revenue of JOST Werke AG decreased by €0.5m to €6.3m in 2022 (2021: €6.8m). Since JOST Werke AG is purely a holding company without its own operations, only sales revenues from service contracts in respect of affiliated companies and cost transfers to them in the amount of €5.3m (2021: €6.0m) and other income of €1.0m (2021: €0.8m) are generated. The decrease in gross revenue is due mainly to the fact that cost transfers to affiliated companies were lower during the year under review. As a result, the performance lagged behind our expectations (forecast for 2022 for the single entity JOST Werke AG: slight year-over-year increase in sales).

Earnings after taxes of the single entity fell year-over-year, by €1.9m to €–8.3m (2021: €–6.4m), and were thus below our expectations (forecast for 2022 for the single entity JOST Werke AG: slight year-over-year increase in earnings after taxes).

This decrease is primarily due to the €1.4m rise other operating expenses. The €0.25m increase in other operating expenses to €1.0m (2021: €0.8m) had an offsetting effect.

The net retained profit in the reporting period amounted to €20.9m (2021: €16.4m).

Net assets and financial position (HGB)

Total assets rose by €1.5m to €833.4m in fiscal year 2022 (December 31, 2021: €831.9m).

Reflecting the net loss for the year of €8.3m and the dividend of €15.6m paid to shareholders in May 2022, equity declined by €23.9m to €456.9m (December 31, 2021: €480.8m). The equity ratio fell to 54.8% (December 31, 2021: 57.8%), mainly in connection with the decline in equity. To finance its acquisition of the Ålö Group, JOST Werke AG in 2019 entered into a financing arrangement with a consortium of banks for an amount of €120.0m and a term of five years. €12m of this total was repaid in 2022 (2021: €12m).

In addition, €94m of a promissory note from 2018 worth €150m was repaid ahead of schedule in 2022. The funds used for this repayment come from a new promissory note from December 2022 with a total volume of €130m, of which €22m was only paid out in January 2023. The company also has a revolving credit facility of €150m in place, of which €106.7m remained available to us as of the reporting date.

Provisions increased by €3.2m to €11.3m compared to the previous year (December 31, 2021: €8.1m). This is primarily due to the rise in other provisions, which increased by €3.2m to €11.2m (December 31, 2021: €8.0m). The main reason for this rise was the increase in personnel provisions due to the development of the share-based remuneration program for the JOST Long Term Incentive Plan (LTIP), which amounted to €7.5m as of the reporting date (December 31, 2021: €4.0m).

Liabilities to affiliated companies rose by €24.0m to €87.4m compared with the previous year. These mainly concern the settlement account with JOST Werke Deutschland GmbH. Trade payables stood at €0.3m in the year under review (December 31, 2021: €0.1m) and other liabilities amounted to €0.8m (December 31, 2021: €0.8m).

Report on expected developments (HGB)

For 2023, the company anticipates a slight increase in sales compared with the previous year. Before investment income, we likewise expect the single entity JOST Werke AG (HGB) to post slightly higher earnings after taxes by comparison with fiscal year 2022.

Net retained profit and proposal for the appropriation of net profit

A proposal will be made to the General Meeting to distribute €1.40 per share from the net retained profit of €20.9m shown by the parent company, JOST Werke AG, for the period ended December 31, 2022.

Corporate governance statement in accordance with Section 289f (1) HGB

The required corporate governance statement in accordance with Section 289f (1) HGB is available in the section of this annual report entitled “Corporate governance statement” on our website at https://www.jost-world.com/en/corporate/investor-relations/corporate-goverance.html.

Non-financial report

For the non-financial report required to be provided under Section 315b et seq. HGB, please refer to the separate Sustainability Report 2022.

Remuneration report

The report on the remuneration of the Executive Board and Supervisory Board of JOST Werke AG is presented in the corporate governance report, which is part of the combined management report. See Remuneration report

Takeover-related disclosures in accordance with Section 289a HGB

The disclosures required by Section 289a HGB are part of the combined management report. See Takeover-related disclosures

Corporate governance

Consolidated Corporate governance statement

In the corporate governance statement in accordance with Sections 289f (1) and 315d (1) HGB, JOST Werke AG explains how the key elements of corporate governance are structured within the group and the company.

It contains the declaration of conformity in accordance with Section 161 AktG, relevant disclosures on corporate governance practices, which go beyond statutory requirements, the working practices of the Executive Board and Supervisory Board, the composition and working practices of their committees, and the percentage of women in management positions, along with the group’s targets and diversity policy.

The declaration of conformity issued by the Executive Board and Supervisory Board on December 1, 2022, reads as follows:

“1. The German Corporate Governance Code was revised on April 28, 2022, and upon its publication in the German Federal Gazette on June 27, 2022, became the basis for the Declaration of Compliance (“GCGC 2022”). JOST Werke AG has complied and will continue to comply with the recommendations of the GCGC 2022 with the following exceptions:

- Recommendation A.3: A deviation is declared from the recommendation that the internal control system should also cover sustainability-related targets, unless already required by law. To ensure the quality of the non-financial data, the company has the sustainability report audited by an external auditor.

- Recommendation B.1: As a precautionary measure, a deviation from the recommendation regarding the composition of the board of directors is declared. The Supervisory Board pays attention to diversity when selecting members of the Board of Executive and has passed a quota of 25% female members for the Executive Board. At the same time, the Supervisory Board is of the opinion that the decisive factor for an appointment to the Executive Board should always be the personal and professional qualifications of the candidates.

- Recommendation G.3: The Supervisory Board shall assess whether the remuneration of Executive Board members is appropriate based on an external comparison with the remuneration of members of management boards of comparable companies. The Supervisory Board made a deliberate decision not to define a fixed and static peer group, as the Supervisory Board is of the opinion that making such a link with a specifically defined peer group may lead to inappropriate outcomes.

- Recommendation G.4: When assessing whether the remuneration is appropriate, the Supervisory Board shall take account of the circumstances within the company itself. The Supervisory Board made a deliberate decision not to define a fixed group of senior managers, as the Supervisory Board is of the opinion that such a definition would not be appropriate in view of the heterogeneity of the remuneration structure within the company as a whole and internal remuneration practices within the company.

- Recommendation G.8: The Supervisory Board may make a positive or negative adjustment to all variable remuneration components if it is of the opinion that the respective variable remuneration components calculated do not appropriately reflect the company's business performance, the achievement of its strategic objectives and/or the Executive Board member's contribution thereto owing to extraordinary developments. The Supervisory Board has decided not to exclude the possibility of making retroactive adjustments to target values or comparison parameters, as such an exclusion may lead to inappropriate outcomes. The cap on the total bonus for each Executive Board member in terms of both the amount granted and the amount paid each year ("caps"), as stipulated in the remuneration system, is complied with in all cases.

- Recommendation G.11 sentence 2: The remuneration system shall specify that the Supervisory Board can stipulate in the Executive Board members' employment contracts that variable remuneration components may be retained or reclaimed in narrowly defined cases (compliance clawback; performance clawback). The existing employment contracts of Executive Board members Joachim Dürr, Dr. Christian Terlinde and Dirk Hanenberg currently do not include such a possibility.

2. JOST Werke AG has complied with all recommendations of the version of the German Corporate Governance Code dated March 20, 2020 ("GCGC 2020") valid until June 27, 2022, with the following exceptions:

   - Recommendation B.1: As a precautionary measure, a deviation from the recommendation regarding the composition of the board of directors is declared. The Supervisory Board pays attention to diversity when selecting members of the Board of Executive and has passed a quota of 25% female members for the Executive Board. At the same time, the Supervisory Board is of the opinion that the decisive factor for an appointment to the Executive Board should always be the personal and professional qualifications of the candidates.

   - Recommendation D.8: Insofar as individual members of the Supervisory Board or its committees did not participate in meetings of the Supervisory Board or the relevant committees in the past, they did exclusively so for important and comprehensible reasons. In such cases, these members were subsequently informed about the meeting proceedings. Therefore, the Supervisory Board considers it inappropriate to single out such members by name in its report.

   - Recommendation G.3: The Supervisory Board shall assess whether the remuneration of Executive Board members is appropriate based on an external comparison with the remuneration of members of management boards of comparable companies. The Supervisory Board made a deliberate decision not to define a fixed and static peer group, as the Supervisory Board is of the opinion that making such a link with a specifically defined peer group may lead to inappropriate outcomes.

   - Recommendation G.4: When assessing whether the remuneration is appropriate, the Supervisory Board shall take account of the circumstances within the company itself. The Supervisory Board made a deliberate decision not to define a fixed group of senior managers, as the Supervisory Board is of the opinion that such a definition would not be appropriate in view of the heterogeneity of the remuneration structure within the company as a whole and internal remuneration practices within the company.

   - Recommendation G.8: The Supervisory Board may make a positive or negative adjustment to all variable remuneration components if it is of the opinion that the respective variable remuneration components calculated do not appropriately reflect the company's business performance, the achievement of its strategic objectives and/or the Executive Board member's contribution thereto owing to extraordinary developments. The Supervisory Board has decided not to exclude the possibility of making retroactive adjustments to target values or comparison parameters, as such an exclusion may lead to inappropriate outcomes. The cap on the total bonus for each Executive Board member in terms of both the amount granted and the amount paid each year ("caps"), as stipulated in the remuneration system, is complied with in all cases.

- Recommendation G.11 sentence 2: The remuneration system shall specify that the Supervisory Board can stipulate in the Executive Board members' employment contracts that variable remuneration components may be retained or reclaimed in narrowly defined cases (compliance clawback; performance clawback). The existing employment contracts of Executive Board members Joachim Dürr, Dr. Christian Terlinde and Dr. Ralf Eichler currently do not include such a possibility."

You can find the entire corporate governance statement on our website at http://ir.jost-world.com/corporate-governance-statement. The current declaration of conformity issued by JOST Werke AG in accordance with Section 161 AktG can also be viewed on our website by clicking on the separate link http://ir.jost-world.com/declaration-of-compliance.

Remuneration report

The Executive and Supervisory Boards of JOST Werke AG hereby report pursuant to Section 162 AktG on the remuneration granted and owed to the current and former members of the Executive and Supervisory Boards in the 2022 fiscal year.

Remuneration System for the Executive Board

Resolution on the approval of the remuneration report

On May 5, 2022, the General Meeting of JOST Werke AG approved the remuneration report for current and former members of the Executive Board and Supervisory Board of JOST Werke AG in the 2021 fiscal year prepared in accordance with Section 162 of the German Stock Corporation Act (AktG) with a majority of 91.4% of the share capital represented, in accordance with Section 120a (4) AktG. Based on this positive result, the Executive Board and Supervisory Board decided to retain the presentation format first applied in the previous year for the remuneration report for the 2022 fiscal year.

Application of the remuneration system in the 2022 fiscal year

Following its preparation by the Executive and Nomination Committee, pursuant to Sections 87 (1), 87a (1) AktG the Supervisory Board resolved a new remuneration system for the Executive Board in the 2021 fiscal year ("2021 remuneration system"). This was approved by the General Meeting on May 6, 2021. https://ir.jost-world.com/remuneration

The 2021 remuneration system approved by the General Meeting complies with the requirements of the German Act Transposing the Second Shareholder Rights Directive (ARUG II). It is likewise based on the recommendations of the German Corporate Governance Code, as amended on April 28, 2022, and complies with these recommendations except for certain exceptions which are explained in the company's declaration of compliance. Declaration of compliance

The 2021 remuneration system was applied for the first time when extending the Executive Board contract of Dr. Christian Terlinde (CFO) and when concluding the new Executive Board contract of Dirk Hanenberg (COO) in 2022.

The Executive Board employment contracts of Joachim Dürr (CEO) and Dr. Ralf Eichler were concluded in accordance with the remuneration system applicable in 2019 ("2019 remuneration system") and are grandfathered. As a result, the remuneration granted to them in the 2022 fiscal year was based on the 2019 remuneration system and thus deviates from the 2021 remuneration system. Dr. Terlinde was also granted individual remuneration components that were promised to him in previous fiscal years under the 2019 remuneration system applicable at the time. Any contract extensions or new Executive Board contracts are being adjusted to reflect the 2021 remuneration system. Details of the 2019 remuneration system can be found in the 2020 Annual Report. Main features of the Executive Board remuneration system, 2020 Annual Report, p. 54 et seq.

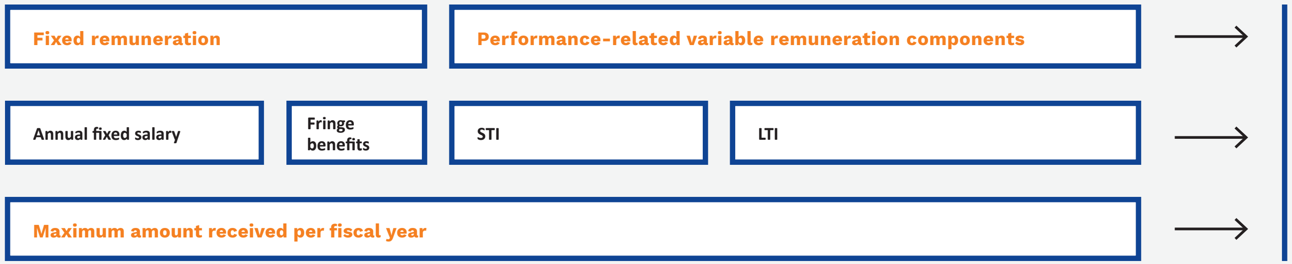
Changes to the Executive Board in the 2022 fiscal year

Dirk Hanenberg was appointed as a member of the Executive Board of JOST Werke AG effective September 1, 2022. As COO, he has assumed responsibility for Quality, Logistics, Purchasing and Production.

During the 2022 fiscal year, Dr. Ralf Eichler (former COO) asked the company's Supervisory Board not to renew his Executive Board contract, which was scheduled to end on December 31, 2022. After handing over to Dirk Hanenberg as planned, Dr. Eichler resigned his Executive Board position at his own request effective October 31, 2022. Following the termination of his Executive Board activities, Dr. Eichler is entitled to advance salary payments until December 31, 2022, as well as short and long-term bonuses already granted as a result of his Executive Board activities in the 2021 and 2022 fiscal years that will be paid out in 2023 and 2024 in accordance with the 2019 remuneration system. There are no further entitlements.

Summary of the structure of the 2021 remuneration system

The 2021 remuneration system is intended to support the implementation of JOST's corporate strategy. Both in overall terms and in terms of their individual aspects, they provide a significant contribution to the promotion and implementation of the company's corporate strategy, by establishing incentives for sustainable and value-driven corporate development while reflecting the needs of JOST's shareholders, customers, employees, business partners, the environment and society at large (stakeholders).



Each Executive Board member's overall remuneration consists of fixed, non-performance-related and variable, performance-related components. The fixed remuneration comprises the Executive Board member's fixed annual salary as well as fringe benefits (fixed remuneration). The variable, performance-related remuneration consists of a one-year component (short-term incentive – STI) and a multi-year component (long-term incentive – LTI). In order to strengthen the performance incentive aspect of the remuneration system, the target remuneration mainly consists of performance-related components. The long-term incentive component of the performance-related LTI component exceeds the short-term performance-related STI component. This more strongly rewards the achievement of the group's long-term strategic goals.

The Supervisory Board reviews the appropriateness of the remuneration components every year. For the purpose of an external comparison, the remuneration received by Executive Board members of similar companies is considered in order to assess the appropriateness of the remuneration provided and whether this is consistent with normal remuneration levels. In addition to the company's size and geographical position, this comparative context is influenced, in particular, by the industry in question. The Supervisory Board made a deliberate decision not to define a fixed and static peer group, as the Supervisory Board is of the opinion that making such a link with a specifically defined peer group may lead to inappropriate outcomes.

When assessing whether the remuneration is appropriate, the Supervisory Board also takes account of the circumstances within the company itself. In view of the significant differences within the group in terms of the remuneration structure, it has not undertaken a formal internal comparison of remuneration with a management group firmly defined for this purpose, but it has given consideration to the general remuneration practices within the company. The Supervisory Board's assessment of the appropriateness of the remuneration provided also considers the trend for the remuneration received by the workforce, defined as the average remuneration received by the group's employees in Germany.

Non-performance-related fixed remuneration

In accordance with the 2019 remuneration system and the 2021 remuneration system, each Executive Board member receives a fixed annual salary which is paid out in twelve equal installments at the end of each calendar month.

Fringe benefits are additional components of this fixed remuneration. They include, for instance, a company car, enrollment in an accident insurance policy and a contribution to the Executive Board member's health and nursing insurance. Moreover, in addition to their fixed annual salary Executive Board members have the option for each full fiscal year of utilizing 20% of their fixed annual salary for a private pension scheme, by converting salary entitlements into pension entitlements. No other person entitlements exist.

The company also takes out an appropriate D&O insurance policy for the Executive Board members, to provide cover for a Executive Board member against risks arising from his work on behalf of the company. In accordance with Section 93 (2) AktG, the deductible agreed in this context is 10% of the loss up to at least the amount of one and a half times the fixed annual remuneration of the Executive Board member in question.

This fixed remuneration is intended to be competitive in the market environment in which JOST operates to enable it to recruit suitable and competent Executive Board candidates who will develop and successfully implement the group's strategy. It corresponds to 100% of the target remuneration for the non-performance-related components.

Individualized fixed remuneration of current and former Executive Board members

	Joachim Dürr (CEO)		Dirk Hanenberg (COO) Executive Board member since: 1.9.2022		Dr. Christian Terlinde (CFO)		Dr. Ralf Eichler (former COO) Executive Board member until: 31.10.2022	
in € thousands	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022[1]**
Fixed remuneration	620	724	–	150	415	475	415	358
Deferred compensation for pension scheme	124	145	–	30	83	95	83	72
Fringe benefits	6	5	–	7	6	5	12	7
Total (fixed components)	**750**	**874**	**–**	**187**	**504**	**575**	**510**	**437**

[1] Proportionate amount until October 31, 2022. During the 2022 fiscal year, Dr. Ralf Eichler also continued to receive salary payments totaling €86 thousand and fringe benefits worth €1 thousand after the termination of his Executive Board activities.

Performance-related variable remuneration

The variable, performance-related remuneration components consist of a short-term incentive (STI) and a long-term incentive (LTI). In the 2019 remuneration system, the performance-related component is based on the group's adjusted EBITDA.

The adjusted EBITDA target to be achieved is set annually by the Supervisory Board. The Chairman of the Executive Board receives as an overall bonus (sum total of all performance-related components) 0.60% of the adjusted EBITDA actually achieved, while all other Executive Board members receive as an overall bonus 0.40% of the adjusted EBITDA actually achieved.

If adjusted EBITDA in any given fiscal year does not amount to at least 80% of the target set by the Supervisory Board, Executive Board members are not entitled to variable remuneration. Even if the agreed targets are met, the overall bonus is not disbursed in full in a single payment.

45% of this is paid as a short-term component (STI), with a term of one year. The STI is intended to provide an incentive for the successful fulfillment of the group's annual operational goals which underpin its long-term success. It will be paid out two weeks after the adoption of the audited consolidated financial statements for the past fiscal year.

The remaining 55% of the performance-related overall bonus will be converted into a long-term LTI component. Under the 2019 remuneration system, in accordance with their existing contracts the LTI component will be paid out in full to Joachim Dürr and Dr. Ralf Eichler if the adjusted group EBITDA in the following fiscal year at least matches the adjusted EBITDA in the assessment period. The 2019 remuneration system was not linked to the share price trend.

Target achievement and calculation of performance-related remuneration in 2022

The Executive Board remuneration "granted" and "owed" in the 2022 fiscal year pursuant to Section 162 (1) sentence 2 no. 1 AktG comprises the STI component payments for the 2021 fiscal year – which were made two weeks after the adoption of the audited consolidated financial statements for 2021, in April 2022 – as well as the LTI component payments for the 2020 fiscal year which were likewise paid out in April 2022 under the 2019 remuneration system. On the basis of the definition applied here, these amounts are "owed" to the members of the Executive Board following the adoption of the audited consolidated financial statements in March 2022 and were actually received through the payment made in April 2022 and thus "granted" in the 2022 fiscal year.

According to the definition provided in Section 162 (1) sentence 2 no. 1 AktG, remuneration is

- **granted** once it has actually been received (i.e. paid out);
- **owed** once it has fallen due but has not yet been received (i.e. paid out).

Based on this definition, the 2019 remuneration system is used for the following calculation of performance-related remuneration for all members of the Executive Board because Executive Board remuneration in the 2021 fiscal year was granted and owed in accordance with the contracts that were still applicable at the time.

Target achievement for financial key performance indicators

Fiscal year	Performance criterion	Threshold for granting (80% target achievement)	Target (100% target achievement)	Threshold for max. granting (200% target achievement)	Result	Target achievement
2020	Adjusted EBITDA	€90 million	€112 million	€224 million	€103 million	92%
2021	Adjusted EBITDA	€91 million	€113 million	€227 million	€133 million	118%

Calculation of payment of the STI component from the 2021 fiscal year

Executive Board	Target amount (STI) 100% STI 2021	Target achievement	Amount paid out in 2022 (STI)
Joachim Dürr (CEO)	€306 thousand	118%	€360 thousand
Dirk Hanenberg (COO)[1]	–	–	–
Dr. Christian Terlinde (CFO)	€204 thousand	118%	€240 thousand
Dr. Ralf Eichler (former COO)	€204 thousand	118%	€240 thousand

[1] Dirk Hanenberg was appointed to the Executive Board with effect from September 1, 2022. He is not entitled to any payouts from 2021.

Since the adjusted EBITDA achieved in the 2021 fiscal year exceeds the adjusted EBITDA in 2020, the Executive Board members were entitled to receive payment of the LTI component for the year 2020.

Calculation of payment of the LTI component from the 2020 fiscal year

Executive Board	Target amount (LTI) 100% LTI 2020	Target achievement	Amount paid out in 2022 (LTI 2020)
Joachim Dürr (CEO)	€369 thousand	92%	€339 thousand
Dirk Hanenberg (COO)[1]	–	–	–
Dr. Christian Terlinde (CFO)[2]	€246 thousand	92%	–
Dr. Ralf Eichler (former COO)	€246 thousand	92%	€226 thousand

[1] Dirk Hanenberg was appointed to the Executive Board with effect from September 1, 2022. He is not entitled to any payouts from 2020.
[2] For Dr. Christian Terlinde, the LTI component from fiscal year 2020 will be paid out in fiscal year 2024. He was not entitled to any LTI payouts from fiscal year 2020 in fiscal year 2022.

STI / LTI for the 2023 (STI) or 2024 / 2027 (LTI) fiscal years, payable on the basis of the 2022 fiscal year
According to the interpretation of Section 162 (1) sentence 2 no. 1 AktG applied here, neither the STI nor the LTI which result from the achievement of the targets defined in the financial performance criteria in the 2022 fiscal year has been “granted,” and nor is it “owed.”

The STI and LTI resulting from the achievement of the targets defined in the performance criteria in the 2022 fiscal year have exclusively been presented in this remuneration report in order to voluntarily provide the greatest possible level of transparency. The remuneration components presented here are only granted and owed during the 2023 fiscal year (STI) and the 2024 (LTI) and 2027 (LTI) fiscal years.

At its meeting on November 16, 2021, the Supervisory Board defined the performance criteria relevant to the performance-related remuneration components for each individual Executive Board member in the 2022 fiscal year. The targets for the financial performance criteria are the same in both the 2019 and 2021 remuneration systems.

Target achievement for financial key performance indicators (according to the 2019 and 2021 remuneration systems)

Fiscal year	Performance criterion	Threshold for granting (80% target achievement)	Target (100% target achievement)	Threshold for max. granting (200% target achievement)	Result	Target achievement
2022	Adjusted EBITDA	€105 million	€131 million	€262 million	€154 million	118%

At its meeting on November 16, 2021, the Supervisory Board also defined non-financial performance criteria that influence the performance-related Executive Board remuneration for the 2022 fiscal year in accordance with the 2021 remuneration system.

Target achievement for non-financial key performance indicators (according to the 2021 remuneration system)

Fiscal year	ESG target	Results achieved 2022	Target achievement
2022	Implementing a group-wide reporting system for recording monthly carbon emissions data within JOST	Developing, introducing and implementing a system for recording monthly carbon emissions as well as electricity, gas, oil, district heating and water consumption across the group. Incorporating non-financial performance indicators for carbon emissions, energy and water into the monthly management report to the Supervisory Board.	100%

Calculation of performance-related components in accordance with the 2019 remuneration system

In the 2022 fiscal year, the Executive Board employment contracts of Joachim Dürr and Dr. Ralf Eichler were grandfathered as they were concluded before the 2021 remuneration system was introduced and are therefore still aligned with the 2019 remuneration system.

The CEO Joachim Dürr receives as an overall bonus in fiscal year 2022 (sum total of all performance-related components) 0.64% of the adjusted EBITDA actually achieved, while Dr. Ralf Eichler receives as an overall bonus 0.40% of the adjusted EBITDA actually achieved. According to the 2019 remuneration system, performance-related remuneration solely depends on the achievement of financial performance criteria.

Calculation of the STI component from fiscal year 2022 under the 2019 remuneration system

Executive Board	Target amount (STI) 100% STI 2022	Target achievement	Amount paid out in 2023 (STI)
Joachim Dürr (CEO)	€377 thousand	118%	€445 thousand
Dr. Ralf Eichler (departed 31.10.2022)	€236 thousand	118%	€278 thousand

Calculation of the LTI component from fiscal year 2022 under the 2019 remuneration system

Executive Board	Target amount (LTI) 100% LTI 2022	Target achievement	Amount paid out in 2024 (LTI)
Joachim Dürr (CEO)	€461 thousand	118%	€544 thousand
Dr. Ralf Eichler (departed 31.10.2022)	€288 thousand	118%	€340 thousand

Calculation of performance-related components in accordance with the 2021 remuneration system
The employment contracts of Executive Board members Dr. Christian Terlinde and Dirk Hanenberg applicable in fiscal year 2022 were concluded under the 2021 remuneration system. Performance-related remuneration therefore depends on the achievement of financial and non-financial performance criteria.

The performance-related components of the remuneration of Dr. Christian Terlinde and Dirk Hanenberg in fiscal year 2022 are as follows: (i) 0.36% of the adjusted EBITDA actually achieved, provided that the adjusted EBITDA is at least 80% of the target set by the Supervisory Board for 2022; (ii) 0.04% of the adjusted EBITDA actually achieved, provided that a target level of at least 80% is achieved for the ESG targets (non-financial targets) set by the Supervisory Board.

Calculation of the STI component from fiscal year 2022 under the 2021 remuneration system

Executive Board	Target amount (STI) 100% STI 2022	Target achievement for financial key performance indicators	Target achievement for non-financial key performance indicators	Amount paid out in 2023 (STI)
Dirk Hanenberg (COO)[1]	€79 thousand	118%	100%	€93 thousand
Dr. Christian Terlinde (CFO)	€236 thousand	118%	100%	€278 thousand

[1] Dirk Hanenberg was appointed to the Executive Board with effect from September 1, 2022, which is why he is entitled only to a proportionate amount of the STI component.

In accordance with the 2021 remuneration system, the LTI will be invested in phantom shares of the company. The volume-weighted average price of the shares of the company in XETRA trading on the Frankfurt Stock Exchange in the final 60 trading days of the base year serves as the purchase price for the investment. The LTI component from fiscal year 2022 will be paid out in fiscal year 2027.

Calculation of the LTI component from fiscal year 2022 under the 2021 remuneration system

Executive Board	Target amount (LTI) 100% LTI 2022	Target achievement for financial key performance indicators	Target achievement for non-financial key performance indicators	Number of phantom stocks allocated	Allocation price	Fair value at grant date
Dirk Hanenberg (COO)	€96 thousand	118%	100%	2,345	€48.32	€114 thousand
Dr. Christian Terlinde (CFO)	€288 thousand	118%	100%	7,034	€48.32	€340 thousand

Remuneration of the Executive Board members granted and owed in fiscal year 2022
The following tables provide a breakdown of the remuneration components “granted” and “owed” in the 2022 fiscal year and in each case their relative proportion under Section 162 (1) no. 1 AktG for current and former members of the Executive Board. This table thus includes

- all of the amounts which the individual Executive Board members have actually received (i.e. which have been paid out to them) in the year under review (the **“remuneration granted”**), and
- all of the remuneration which is already due but has not yet been received (i.e. has not yet been paid out) **(“remuneration owed”)**.

Specifically this comprises, on the one hand, the fixed annual remuneration paid out in the fiscal year, the fringe benefits accruing in the fiscal year and the pension allowance paid out in the fiscal year as elements of the non-performance-related component and, on the other, the STI based on the 2021 fiscal year and the LTI based on the 2020 fiscal year, which were paid out in the 2022 fiscal year.

Remuneration granted and owed to current members of the Executive Board

Executive Board remuneration according to Section 162 AktG	Joachim Dürr (CEO) Appointed: 2019				Dirk Hanenberg (COO) Appointed: 01.09.2022				Dr. Christian Terlinde[1] (CFO) Appointed: 2019				Dr. Ralf Eichler[2] (former COO) Appointed: 2000 Departed: 31.10.2022			
in € thousands	2021	in %	**2022**	in %	2021	in %	**2022**	in %	2021	in %	**2022**	in %	2021	in %	**2022**	in %
Fixed remuneration	620	49	724	46	–	–	150	80	415	60	475	58	415	45	358	40
Deferred compensation, pension scheme	124	10	145	9	–	–	30	16	83	12	95	12	83	9	72	8
Fringe benefits	6	0	5	0	–	–	7	4	6	1	5	1	12	2	7	1
Non-performance related component	**750**	**59**	**874**	**56**	**–**	**–**	**187**	**100**	**504**	**73**	**575**	**71**	**510**	**56**	**437**	**49**
One-year variable remuneration (STI)	277	22	360	23	–	–	–	–	185	27	240	29	185	20	240	26
Multi-year variable remuneration (LTI)	249	19	339	22	–	–	–	–	–	–	–	–	222	24	226	25
Performance related component	**526**	**41**	**699**	**44**	**–**	**–**	**–**	**–**	**185**	**27**	**240**	**29**	**407**	**44**	**466**	**51**
Total remuneration	**1,276**	**100**	**1,573**	**100**	**–**	**–**	**187**	**100**	**689**	**100**	**815**	**100**	**917**	**100**	**903**	**100**

[1] For Dr. Christian Terlinde, the LTI component from fiscal year 2020 will be paid out in fiscal year 2024. He was not entitled to any LTI payouts from fiscal year 2020 in fiscal year 2022.
[2] During the 2022 fiscal year, Dr. Ralf Eichler also continued to receive salary payments totaling €86 thousand and fringe benefits worth €1 thousand after the termination of his Executive Board activities.

The above table does not include the STI based on the 2022 fiscal year – which will only be owed in 2023 following the adoption of the 2022 consolidated financial statements and will be granted two weeks later – and the LTI for 2022, which will not be granted until 2024 or 2027. For further information, please see the voluntary disclosures made in the previous section "STI/LTI for the 2023 (STI) or 2024/2027 (LTI) fiscal years, payable on the basis of the 2022 fiscal year" and the section "Compliance with maximum remuneration."

Compliance with maximum remuneration

In the 2019 and 2021 remuneration systems, the overall bonus granted (sum total of the performance-related remuneration components) in the fiscal year in question may not exceed twice the fixed annual remuneration (cap). The timing of the related expense is relevant for this purpose, i.e. the fixed annual remuneration in 2022 and the STI/LTI based on the 2022 fiscal year which the Executive Board will not receive until the 2023 (STI) or 2024/2027 (LTI) fiscal years.

For the 2021 remuneration system, the Supervisory Board has also stipulated according to Section 87a (1) sentence 2 no. 1 AktG that the total remuneration components provided in any one fiscal year, for a given fiscal year, may not exceed €2.5m for the CEO and €1.7m for the other members of the Executive Board and – in view of the extended term of the LTI in the 2021 remuneration system and its link to the share price trend – has introduced a cap in terms of the benefits received.

The following table shows the maximum possible remuneration for current and former members of the Executive Board and compliance with it.

Compliance with maximum Executive Board remuneration in fiscal year 2022

Benefits granted	**Joachim Dürr (CEO)** Appointed: 2019		**Dirk Hanenberg (COO)** Appointed: 1.09.2022		**Dr. Christian Terlinde (CFO)** Appointed: 2019		**Dr. Ralf Eichler (former COO)** Appointed: 2000 Departed: 31.10.2022	
in € thousands	**2022**	Max.	**2022**	Max.	**2022**	Max.	**2022**	Max.
Fixed remuneration	724	724	150	150	475	475	358	358
Deferred compensation, pension scheme	145	145	30	30	95	95	72	72
Fringe benefits	5	5	7	7	5	5	7	7
Non-performance related component	**874**	**874**	**187**	**187**	**575**	**575**	**437**	**437**
One-year variable remuneration (STI)	445	652	93	135	278	428	278	387
Multi-year variable remuneration (LTI)	544	796	113	165	340	422	340	473
Performance related component	**989**	**1,448**	**206**	**300**	**618**	**950**	**618**	**860**
Total remuneration	**1,863**	**2,322**	**393**	**487**	**1,193**	**1,525**	**1,055**	**1,297**

For the calculation of the STI and LTI components relevant in this context, please see the above section entitled “STI/LTI for the 2023 (STI) or 2024/2027 (LTI) fiscal years, payable on the basis of the 2022 fiscal year”

Further information

In the past fiscal year, no member of the Executive Board was promised or granted benefits from third parties in relation to their service as an Executive Board member.

Executive Board members do not receive any remuneration for seats which they hold on supervisory boards within the JOST Werke Group.

The 2021 remuneration system includes provisions that grant the Supervisory Board the right to compliance and performance clawbacks. The Supervisory Board did not make use of this option.

Supervisory Board remuneration

The remuneration system of the Supervisory Board, which is governed by Article 15 of the Articles of Association, was confirmed and approved without changes by the General Meeting on May 5, 2022.

In accordance with Article 15 of the Articles of Association, each Supervisory Board member receives fixed annual remuneration of €50 thousand, payable after the end of the fiscal year. The company thus follows the suggestion contained in G.18 GCGC 2022. Pursuant to recommendation G.17 GCGC 2022, the remuneration system also takes into account a member's status as Chair or Deputy Chair of the Supervisory Board as well as membership of a committee:

The Chair of the Supervisory Board receives three times the fixed remuneration and therefore €150 thousand, and his or her Deputy receives one and a half times and therefore €75 thousand.

For service on a committee, the Chair of the committee in question receives an additional €20 thousand and every other member of the committee an additional €10 thousand. Members are not entitled to a separate attendance allowance.

Supervisory Board members who only have a seat on the Supervisory Board or serve as Chair for part of a fiscal year receive appropriate pro-rated compensation.

Furthermore, JOST Werke AG reimburses Supervisory Board members the expenses incurred in performing their duties as required by Section 670 BGB.

The following table provides a breakdown of the remuneration "granted" and "owed" in the 2022 fiscal year and in each case its relative proportions under Section 162 (1) no. 1 AktG for current members of the Supervisory Board. The same definition of remuneration "granted" and "owed" is applied here as in the section "Remuneration of the Executive Board members granted and owed in fiscal year 2022."

Remuneration granted and owed to the members of the Supervisory Board

in € thousands						2021						**2022**
Members of the Supervisory Board	Fixed remuneration	in %	Committee work	in %	Total	in %	Fixed remuneration	in %	Committee work	in %	Total	in %
Manfred Wennemer (Chair: Supervisory Board and Nomination Committee)	146	88	19	12	165	100	150	88	20	12	170	100
Prof. Dr. Bernd Gottschalk (Deputy Chair)	73	88	10	12	83	100	75	88	10	12	85	100
Jürgen Schaubel (Audit Committee Chair)	49	72	19	28	68	100	50	71	20	29	70	100
Natalie Hayday	49	83	10	17	59	100	50	83	10	17	60	100
Rolf Lutz	49	83	10	17	59	100	50	83	10	17	60	100
Klaus Sulzbach	49	83	10	17	59	100	50	83	10	17	60	100
Total remuneration, Supervisory Board	**415**		**78**		**493**		**425**		**80**		**505**	

Like the Executive Board, all members of the Supervisory Board voluntarily forewent 5% of their contractually agreed fixed remuneration in fiscal year 2020 in order to ease the strain on the company during the coronavirus pandemic and help reduce costs. This agreement was in place for the period of seven months in which short-time work was introduced at the company's German plants in 2020. Since the Supervisory Board remuneration is only granted upon expiry of the fiscal year, the fact that the Supervisory Board members voluntarily forewent remuneration in the 2020 fiscal year affects the remuneration granted and owed in the 2021 comparative year.

Comparison of the respective remuneration and earnings trends

The following table compares the annual rate of change in the remuneration granted and owed to the current and former Executive and Supervisory Board members, within the meaning of Section 162 AktG, with the company's annual earnings trend and the annual trend for its employees' remuneration. A transitional arrangement provided for in ARUG II has been applied. The table below therefore presents the trend by comparison with the previous year; over the next few fiscal years, the period will thus gradually be extended until a five-year comparison period is reached.

The company's earnings trend has been calculated on the basis of the group's adjusted EBITDA, since the Supervisory Board has specified adjusted EBITDA as a key performance indicator for the Executive Board and this therefore has a significant impact on the amount of remuneration received by the Executive Board. In addition, as required by law the trend in earnings after tax for the parent company JOST Werke AG as a single entity is also presented. However, it should be noted here that JOST Werke AG is purely a holding company without its own operations. For this reason, the single entity's earnings trend is not a suitable indicator by which to measure the group's results of operations.

The average remuneration received by employees has been calculated on the basis of the employees of the German company. Employees' remuneration comprises personnel expenses for wages and salaries, fringe benefits, the employer's share of insurance contributions and any variable remuneration components which were paid in the respective fiscal year. For technical reasons, the table only includes employees and trainees who were employed by JOST in the period from January 1 to December 31 in a given fiscal year, i.e. for the entire calendar year.

Comparison of the annual change in the respective remuneration and earnings trends

	2021 vs. 2020 (Change in %)	2022 vs. 2021 (Change in %)
Current Executive Board members		
Joachim Dürr (appointed 01.01.2019)	40%	23%
Dirk Hanenberg (appointed 01.09.2022)	–	100%
Dr. Christian Terlinde (appointed 01.01.2019)	5%	18%
Dr. Ralf Eichler (appointed in 2000 – departed 31.10.2022)	6%	–1%
Former Executive Board members		
Lars Brorsen (departed 30.09.2019)	–45%	–100%
Christoph Hobo (departed 31.12.2018)	–100%	0%
Current Supervisory Board members		
Manfred Wennemer (Chair; departed 05.05.2022)	–3%	3%
Dr. Stefan Sommer (Chair; appointed 05.05.2022)	–	–
Prof. Dr. Bernd Gottschalk (Deputy Chair)	–2%	2%
Jürgen Schaubel	–3%	3%
Natalie Hayday	–2%	2%
Rolf Lutz	–2%	2%
Klaus Sulzbach	–2%	2%
Earnings trend		
Adjusted EBITDA of the JOST Werke Group	30%	16%
Earnings after taxes of JOST Werke AG (single entity)	34%	–29%
Ø employee remuneration in Germany (full-time equivalents)	**4%**	**3%**

The Executive Board and the Supervisory Board of JOST Werke AG

Neu-Isenburg, March 22, 2023

CONSOLIDATED FINANCIAL STATEMENTS

as of December 31, 2022, JOST Werke AG
Neu-Isenburg, Germany

Consolidated income statement – by function of expenses

JOST Werke AG

in € thousands	Notes	**2022**	2021
Sales revenues	(29)	**1,264,606**	**1,050,931**
Cost of Sales	(30)	**–927,586**	**–772,309**
Gross profit		**337,020**	**278,622**
Selling expenses	(31)	–162,067	–147,122
thereof: depreciation and amortization of assets		–29,016	–28,322
Research and development expenses	(32)	–19,661	–17,983
Administrative expenses	(33)	–65,142	–63,361
Other income	(34)	23,079	11,022
Other expenses	(34)	–33,369	–13,045
Share of profit or loss of equity method investments	(35)	8,882	5,807
Operating profit (EBIT)		**88,742**	**53,940**
Gain/loss on the net monetary position in accordance with IAS 19	(36)	–375	0
Financial income	(37)	10,532	8,383
Financial expense	(38)	–18,806	–14,576
Net finance result		**–8,649**	**–6,193**
Profit / loss before tax		**80,093**	**47,747**
Income taxes	(13), (41)	–20,247	–3,883
Profit / loss after taxes		**59,846**	**43,864**
Weighted average number of shares		**14,900,000**	**14,900,000**
Basic and diluted earnings per share (in €)	(42)	**4.02**	**2.94**

Consolidated statement of comprehensive income

JOST Werke AG

in € thousands	Notes	2022	2021
Profit / loss after taxes		**59,846**	**43,864**
Items that will be reclassified to profit or loss in subsequent periods			
Exchange differences of foreign operations		–7,300	9,891
Exchange difference from investments accounted for using the equity method	(11)	2,576	135
Hyperinflation adjustments pursuant to IAS 29	(36)	1,014	0
Gains and losses from hedge accounting		–971	–832
Hedge accounting amounts reclassified to profit or loss	(25)	786	0
Deferred taxes relating to hedge accounting	(13)	38	170
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit pension plans	(20)	18,620	5,127
Deferred taxes relating to other comprehensive income	(13)	–6,350	–1,538
Other comprehensive income		**8,413**	**12,953**
Total comprehensive income		**68,259**	**56,817**

Consolidated balance sheet

as of December 31, 2022
JOST Werke AG

Assets

in € thousands	Notes	31.12.2022	31.12.2021
Noncurrent assets			
Goodwill	(9)	87,489	91,811
Other intangible assets	(9)	233,510	268,855
Property, plant, and equipment	(10)	154,391	130,467
Investments accounted for using the equity method	(11)	19,797	14,029
Deferred tax assets	(13)	12,522	13,646
Other noncurrent financial assets	(14), (16)	7,753	2,719
Other noncurrent assets	(17)	792	945
		516,254	**522,472**
Current assets			
Inventories	(15)	214,290	198,434
Trade receivables	(16)	166,718	153,437
Receivables from income taxes		3,813	3,304
Other current financial assets	(14), (16)	1,285	1,124
Other current assets	(17)	21,539	18,601
Cash and cash equivalents	(18)	80,681	87,482
		488,326	**462,382**
Total Assets		**1,004,580**	**984,854**

Equity and liabilities

in € thousands	Notes	31.12.2022	31.12.2021
Equity			
Subscribed capital		14,900	14,900
Capital reserves		414,901	443,302
Other reserves		–35,357	–43,770
Retained earnings		–34,235	–107,280
	(19)	**360,209**	**307,152**
Noncurrent liabilities			
Pension obligations	(20)	45,150	65,959
Other provisions	(21)	1,439	5,458
Interest-bearing loans and borrowings	(23)	219,704	254,192
Deferred tax liabilities	(13)	28,425	27,972
Other noncurrent financial liabilities	(25)	45,039	33,233
Other noncurrent liabilities	(27)	1,886	1,777
		341,643	**388,591**
Current liabilities			
Pension obligations	(20)	2,213	2,059
Other provisions	(21)	29,481	22,754
Interest-bearing loans and borrowings	(23)	57,862	26,897
Trade payables	(24)	137,970	163,458
Liabilities from income taxes		6,880	6,047
Contract liabilities	(26)	7,367	6,067
Other current financial liabilities	(14), (25)	19,714	22,681
Other current liabilities	(27)	41,241	39,148
		302,728	**289,111**
Total Equity and liabilities		**1,004,580**	**984,854**

Consolidated statement of changes in equity

for the fiscal year from January 1 to December 31, 2022
JOST Werke AG

Consolidated statement of changes in equity for the fiscal year from January 1 to December 31, 2022

			Other reserves					
in € thousands	Subscribed capital	Capital reserves	Exchange differences on translating foreign operations	Remeasurements of defined benefit pension plans	Gain/loss from hyperinflation adjustments according to IAS 29	Gain/loss from hedge reserve	Retained earnings	**Total Consolidated equity**
Notes	(19)	(19)	(19)	(19)	(19)	(19)	(19)	
Balance at January 1, 2022	**14,900**	**443,302**	**–15,763**	**–27,242**	**0**	**–765**	**–107,280**	**307,152**
Profit/loss after taxes	0	0	0	0	0	0	59,846	59,846
Other comprehensive income	0	0	–4,724	18,620	1,014	–185	0	14,725
Deferred taxes relating to other comprehensive income	0	0	0	–6,350	0	38	0	–6,312
Total comprehensive income	0	0	–4,724	12,270	1,014	–147	59,846	68,259
Dividends paid	0	0	0	0	0	0	–15,645	–15,645
Withdrawals from capital reserves	0	–28,401	0	0	0	0	28,401	0
Hyperinflation adjustments pursuant to IAS 29	0	0	0	0	0	0	443	443
Balance at December 31, 2022	**14,900**	**414,901**	**–20,487**	**–14,972**	**1,014**	**–912**	**–34,235**	**360,209**

Consolidated statement of changes in equity

for the fiscal year from January 1 to December 31, 2021
JOST Werke AG

Consolidated statement of changes in equity for the fiscal year from January 1 to December 31, 2021

in € thousands	Subscribed capital	Capital reserves	Other reserves: Exchange differences on translating foreign operations	Other reserves: Remeasurements of defined benefit pension plans	Other reserves: Gain/loss from hyperinflation adjustments according to IAS 29	Other reserves: Gain/loss from hedge reserve	Retained earnings	**Total Consolidated equity**
Notes	(19)	(19)	(19)	(19)	(19)	(19)	(19)	
Balance at January 1, 2021	**14,900**	**466,212**	**–25,789**	**–30,831**	**0**	**–103**	**–159,154**	**265,235**
Profit/loss after taxes	0	0	0	0	0	0	43,864	43,864
Other comprehensive income	0	0	10,026	5,127	0	–832	0	14,321
Deferred taxes relating to other comprehensive income	0	0	0	–1,538	0	170	0	–1,368
Total comprehensive income	0	0	10,026	3,589	0	–662	43,864	56,817
Dividends paid	0	0	0	0	0	0	–14,900	–14,900
Withdrawals from capital reserves	0	–22,910	0	0	0	0	22,910	0
Hyperinflation adjustments pursuant to IAS 29	0	0	0	0	0	0	0	0
Balance at December 31, 2021	**14,900**	**443,302**	**–15,763**	**–27,242**	**0**	**–765**	**–107,280**	**307,152**

Condensed consolidated cash flow statement

JOST Werke AG

in € thousands	Notes	2022	2021
Profit / loss before tax		**80,093**	**47,747**
Depreciation, amortization, impairment losses and reversal of impairment on non current assets	(40)	57,929	67,215
Net finance result	(37),(38)	8,649	6,193
of which hyperinflation adjustments pursuant to IAS 29		375	0
Other noncash income / expenses		–1,523	–3,771
Change in inventories	(15)	–18,287	–61,803
Change in trade receivables	(16)	–14,059	–28,403
Change in trade payables	(24)	–23,850	33,709
Change in other assets and liabilities		–8,320	9,829
Income tax payments	(41)	–24,615	–17,315
Cash flow from operating activities		**56,017**	**53,401**
Proceeds from sales of intangible assets	(9)	1	3
Payments to acquire intangible assets	(9)	–4,034	–4,615
Proceeds from sales of property, plant, and equipment	(10)	618	223
Payments to acquire property, plant, and equipment	(10)	–28,290	–15,528
Proceeds from sales of subsidiaries		0	7,965
Cash disposed of from sales of subsidiaries		0	–2,293
Payments for loans to third parties	(23)	–700	0
Dividends received from joint ventures	(11)	5,346	0
Interests received	(11)	1,550	663
Cash flow from investing activities		**–25,509**	**–13,582**

in € thousands	Notes	2022	2021
Interest payments	(23)	–5,076	–4,432
Payment of interest portion of lease liabilities	(12)	–1,562	–1,441
Proceeds from short-term interest-bearing loans and borrowings	(23)	85,000	8,871
Proceeds from long-term interest-bearing loans and borrowings	(23)	90,000	0
Refinancing costs	(23)	–413	0
Repayment of short-term interest-bearing loans and borrowings	(23)	–72,344	–28,486
Repayment of long-term interest-bearing loans and borrowings	(23)	–106,000	–14,860
Dividends paid to the shareholders of the company	(19)	–15,645	–14,900
Payment of principal portion of lease liabilities	(12)	–10,490	–9,706
Cash flow from financing activities		**–36,530**	**–64,954**
Net change in cash and cash equivalents		**–6,022**	**–25,135**
Change in cash and cash equivalents due to exchange rate movements		–779	4,302
Cash and cash equivalents at January 1	(18)	87,482	108,315
Cash and cash equivalents at December 31	(18)	**80,681**	**87,482**

Notes to the consolidated financial statements

for the fiscal year from January 1 to December 31, 2022
JOST Werke AG

1. General information

JOST Werke AG (hereinafter also “JOST”, the “group,” the “company,” or the “JOST Werke Group”) has been listed on the Frankfurt Stock Exchange since July 20, 2017. As of 31 December 2022, the majority of JOST shares were held by institutional investors. Further details are provided in note 45.

The registered office of JOST Werke AG is at Neu-Isenburg, Germany. Its address is Siemensstraße 2 in 63263 Neu-Isenburg. The company is registered in the Commercial Register of Offenbach am Main under section B, number 50149.

JOST is a leading global producer and supplier of safety-critical systems for the commercial vehicle industry.

The consolidated financial statements of JOST Werke AG were prepared based on the going concern principle.

2. Basis of preparation of the consolidated financial statements

As the ultimate parent company, JOST Werke AG prepares the consolidated financial statements for the smallest and largest group of companies in the JOST Werke Group. The consolidated financial statements of JOST Werke AG, its subsidiaries and the joint venture as of December 31, 2022, were prepared in accordance with 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 Financial Reporting Interpretations Committee (IFRS IC), as adopted by the European Union (EU), applying Section 315e of the Handelsgesetzbuch (German Commercial Code – HGB).

Certain items in the consolidated balance sheet and the consolidated income statement were combined in order to enhance the clarity of presentation. These items are analyzed in detail in the notes to the consolidated financial statements. The consolidated financial statements have been prepared in thousands of euros (€ thousands). Due to commercial rounding, minor rounding differences may occur in the totals. The income statement uses the cost of sales format. The consolidated financial statements are prepared in accordance with the principle of historical costs, with the exception of certain balance sheet items, which are reported at their fair value.

The Executive Board approved the consolidated financial statements of JOST Werke AG for issue on March 22, 2023. The Supervisory Board is to approve the 2022 annual financial statements of JOST Werke AG and the 2022 consolidated financial statements together with the associated group management report at the meeting on March 23, 2023.

1. New and amended standards applied in 2022

The following new and amended International Financial Reporting Standards and Interpretations that are effective for fiscal years beginning on or after January 1, 2022, were applied for the first time:

I. Reference to the IFRS Conceptual Framework: Amendments to IFRS 3 Business Combinations.
The amendments to IFRS 3 enable an acquirer to apply IAS 37 and IFRIC 21 rather than the Conceptual Framework when identifying liabilities assumed that fall within the scope of IAS 37 or IFRC 21. Its effective date is January 1, 2022.

These amendments did not have any impact on the current period or any prior period and are not likely to significantly affect future periods.

II. Property, Plant and Equipment, Proceeds before Intended Use: Amendments to IAS 16.
The amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing the asset to the location and condition necessary for it to be capable of operating. Its effective date is January 1, 2022.

These amendments did not have any impact on the current period or any prior period and are not likely to significantly affect future periods.

III. Onerous Contracts – Cost of Fulfilling a Contract: Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets.
The amendments to IAS 37 clarify that the cost of fulfilling a contract includes all costs that relate directly to the contract. Its effective date is January 1, 2022.

These amendments did not have any impact on the current period or any prior period and are not likely to significantly affect future periods.

IV. Annual Improvements to IFRSs – 2018-2020 Cycle
IFRS 1 First-time Adoption of International Financial Reporting Standards

Upon first-time adoption of IFRS 1.D16, a subsidiary is permitted to measure cumulative translation differences at the amounts reported by the parent, based on the parent's date of transition to IFRSs.

IFRS 9 Financial Instruments

The amendment specifies which fees an entity is required to include when it applies the '10 percent' test under IFRS 9.B3.3.6 in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the borrower and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

IFRS 16 Leases

The amendment to illustrative example 13 in IFRS 16 deletes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to remove potential misunderstandings regarding the treatment of lease incentives that could arise because of the way lease incentives are illustrated in that example.

IAS 41 Agriculture

The amendment removes the requirement in IAS 41.22 for an entity to exclude tax cash flows when measuring the fair value of a biological asset using a present value technique. The amendment ensures alignment with the requirements in IFRS 13.

These amendments from annual improvements do not have any impact on the current period or any prior period and are not likely to significantly affect future periods.

2. Standards, interpretations, and amendments to published standards that are not required to be applied in 2022 and were not applied by the group prior to their effective date

I. IFRS 17 Insurance Contracts

On May 18, 2017, the IASB completed its long-term project to develop a financial reporting standard for insurance contracts and issued IFRS 17 Insurance Contracts. This standard will replace IFRS 4. Its effective date is January 1, 2023.

These amendments are not expected to have a material effect on future periods.

II. Classification of Liabilities as Current or Noncurrent – Amendments to IAS 1 Presentation of Financial Statements

As a result of the amendments to IAS 1, liabilities are classified as current or noncurrent based on the rights the entity has at the end of the reporting period. The amendments have not yet been adopted into EU law. Its effective date is January 1, 2024.

These amendments are not expected to have a material effect on future periods.

III. Disclosure: Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2.

The amendments to IAS 1 specify what is meant by "material accounting policy information" and how that information is identified. The amendments in Practice Statement 2 provide guidance on the practical application of the concept of materiality. Its effective date is January 1, 2023.

These amendments are not expected to have a material effect on future periods.

IV. Definition of Accounting Estimates: Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The amendments to IAS 8 clarify how to distinguish between changes in accounting policies and accounting estimates. Its effective date is January 1, 2023.

These amendments are not expected to have a material effect on future periods.

V. Deferred Tax related to Assets and Liabilities arising from a Single Transaction: Amendments to IAS 12 Income Taxes.

IAS 12 has been amended such that entities are required to recognize deferred tax for transactions which, on initial recognition, give rise to equal taxable and deductible temporary differences. Its effective date is January 1, 2023. These amendments are not expected to have a material effect on future periods.

VI. Sale or Contribution of Assets between an Investor and its Associate or Joint Venture: Amendments to IFRS 10 and IAS 28

The amendments in IFRS 10 and IAS 28 ensure that a gain or loss resulting from the loss of control of a subsidiary in a transaction with an associate or a joint venture is accounted for using the equity method. The gain or loss is recognized in the parent's financial statements only to the extent of the unrelated investors' interests in that associate or joint venture. The effective date of the amendments has since been deferred indefinitely by the IASB. Until now, transactions with associates or joint ventures in the group did not involve a business as defined in IFRS 3, but merely individual assets. These amendments are not expected to have a material effect on future periods.

VII. Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on September 22, 2022)

The amendments incorporate guidance on subsequent measurement of a lease liability in a sale and leaseback transaction into the standard. While IFRS 16 did provide an approach for the initial measurement of the liability arising from a sale and leaseback transaction, it did not address how this liability would be subsequently measured, which led to questions of interpretation particularly in the case of later modifications of the leaseback. The amendments to IFRS 16 require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. These amendments shall be applied for annual reporting periods beginning on or after January 1, 2024 (subject to EU endorsement). Earlier application is permitted, provided that fact is disclosed. These amendments are not expected to have a material effect on future periods.

3. Consolidation methods

The consolidated financial statements were prepared on the basis of the annual financial statements of the consolidated companies as of December 31, 2022, which in turn were prepared using uniform accounting policies in accordance with IFRS as adopted by the European Union.

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the identifiable assets transferred, the liabilities assumed and the equity interests issued by the group. Goodwill results from the amount by which the consideration transferred plus the amount of all non-controlling interests in the affiliated company and the equity interests previously held by the acquirer, measured at fair value at the acquisition date, exceeds the balance of the assets acquired and liabilities assumed. The consideration transferred includes the fair value of any asset or liability. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains and losses arising from such re-measurement are recognized in profit or loss.

Any contingent consideration to be transferred by the group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with IFRS 9 at fair value through profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the total consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognized as goodwill. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the income statement.

All domestic and foreign subsidiaries are included in the consolidated financial statements.

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group reporting date (December 31 of each fiscal year) is the reporting date of the annual financial statements of the parent (JOST Werke AG) and all of its subsidiaries, with one exception: In accordance with IFRS 10 B92, audited interim financial statements as of December 31, 2022 (reporting date: March 31) were included for JOST India Auto Component Pte. Ltd., Jamshedpur, India. The company's statutory reporting date is March 31, which corresponds to the typical reporting date in the country. The reporting date for the equity-accounted investment is also December 31 of each fiscal year.

The investment in the joint venture JOST Brasil Sistemas Automotivos Ltda., Caxias do Sul, Brazil is accounted for in the consolidated balance sheet using the equity method as it constitutes an equity investment as defined in IFRS 12.5.

The accounting and valuation principles applied correspond to those of the parent.

Currency translation differences were recognized in other comprehensive income in the "Exchange differences on translating foreign operations" item in other reserves.

Intercompany profits and losses, intercompany revenues, expenses, and income, as well as all receivables and liabilities between consolidated companies were eliminated.

4. Basis of consolidation

JOST Werke Group

The consolidated financial statements include the financial statements of JOST Werke AG, its subsidiaries, and the following joint venture:

List of shareholdings

Company	Shareholdings JOST Werke AG	Nature of business
Consolidated companies		
JOST-Werke VG1 GmbH (currently being set up) Neu-Isenburg	100.00%	Shelf company
Jasione GmbH Neu-Isenburg	100.00%	Holding company
JOST-Werke Germany GmbH[1] Neu-Isenburg	100.00%	Production company Sales company
JOST-Werke Logistics GmbH[1] Neu-Isenburg	100.00%	Sales company
Jost-Werke International Beteiligungsverwaltung GmbH[1] Neu-Isenburg	100.00%	Holding company
Rockinger Agriculture GmbH[1] Waltershausen/Germany	100.00%	Production company Sales company
JOST France S.à r.l.[1] Paris/France	100.00%	Sales company
JOST Iberica S.A.[1] Zaragoza/Spain	100.00%	Production company Sales company
Jost Italia S.r.l.[1] Milan/Italy	100.00%	Sales company
Jost GB Ltd.[1] Bolton/United Kingdom	100.00%	Sales company
ooo JOST RUS[1] Moscow/Russia	100.00%	Sales company
JOST TAT LLC[1] Naberezhnye Chelny/Russia	100.00%	Production company
JOST Polska Sp. z o.o.[1] Nowa Sòl/Poland	100.00%	Production company Sales company
Jost Hungaria Kft.[1] Veszprém/Hungary	100.00%	Production company
Transport Industry Development Centre B.V.[1] Best/The Netherlands	100.00%	Entwicklungsgesellschaft Sales company
Tridec Ltda.[1] Cantanhede/Portugal	100.00%	Production company
Jost Otomotiv Sanayi Ticaret A.S.[1] Izmir/Turkey	100.00%	Production company
JOST (S.A.) Pty. Ltd.[1] Chloorkop/South Africa	100.00%	Production company Sales company
JOST Transport Equipment Pty. Ltd.[1] Chloorkop/South Africa	100.00%	Sales company
Jost Australia Pty. Ltd.[1] Seven Hills/Australia	100.00%	Production company Sales company
JOST New Zealand Ltd.[1] Hamilton/New Zealand	100.00%	Sales company
JOST International Corp.[1] Grand Haven, Michigan/U.S.A.	100.00%	Production company Sales company
Jost (China) Auto Component Co. Ltd.[1] Wuhan, Hubei Province/PR China	100.00%	Production company Sales company
JOST (Shanghai) Trading Co. Ltd.[1] Shanghai/PR China	100.00%	Sales company
Jost Far East Pte. Ltd.[1] Singapore	100.00%	Sales company
JOST India Auto Component Pte. Ltd.[1] Jamshedpur/India	100.00%	Production company Sales company
JOST Japan Co. Ltd.[1] Yokohama/Japan	100.00%	Sales company
Jost (Thailand) Co. Ltd.[1] Bangsaotong/Thailand	100.00%	Production company Sales company
JOST Middle East FZCO[1] Dubai/United Arab Emirates	100.00%	Sales company
Ålö Holding AB[1] Umeå/Sweden	100.00%	Holding company

Company	Shareholdings JOST Werke AG	Nature of business
Ålö AB[1] Umeå/Sweden	100.00%	Production company Sales company
Alö Germany Vertriebs-GmbH[1] Dieburg/Germany	100.00%	Sales company
Alo Danmark A/S[1] Skive/Denmark	100.00%	Sales company
Ålö Norge A/S[1] Rakkestad/Norway	100.00%	Sales company
Alo UK Ltd.[1] Droitwich/United Kingdom	100.00%	Sales company
Agroma S.A.S.[1] Blanzac-Les-Matha/France	100.00%	Production company Sales company
Alo Canada Inc.[1] Vancouver/Canada	100.00%	Sales company
Alo USA Inc.[1] Elgin, IL/U.S.A.	100.00%	Production company Sales company
Alo Agricult. Machinery (Ningbo) Co. Ltd.[1] Ningbo/PR China	100.00%	Production company
Alo Trading (Ningbo) Co. Ltd.[1] Ningbo/PR China	100.00%	Sales company
Alo Brasil Ltda.[1] (dormant company) Brazil	100.00%	Sales company
Joint Ventures		
JOST Brasil Sistemas Automotivos Ltda.[1] Caxias do Sul/Brazil	49.00%	Production company Sales company

[1] Indirectly via Jasione GmbH

The entity JOST Achsen Systeme GmbH, Calden, Germany, was merged with the direct parent company JOST-Werke Deutschland GmbH, Neu-Isenburg, Germany. In addition, the entity JOST Middle East FZCO, Dubai, United Arab Emirates, was founded. As of December 31, 2022, JOST-Werke VG1 GmbH, Neu-Isenburg, Germany, was still being set up. The company has not yet commenced operations. As a result, this start-up did not yet result in any sales revenues for the group, nor did it have any effect on its earnings.

Other than that, the structure of the group, including its subsidiaries and the joint venture, as of December 31, 2022, has not changed compared to December 31, 2021.

5. Currency translation

Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are prepared in euros, the functional currency of the parent company and the presentation currency of the group.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net in-vestment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to loans are presented in the statement of profit or loss, within the net finance result. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

Foreign exchange gains and losses in operating profit amount to €16,669 thousand (2021: €6,372 thousand) and €–26,062 thousand (2021: €–9,390 thousand) respectively. The net finance result contains foreign exchange gains and losses of €7,666 thousand (2021: €6,486 thousand) and €–10,870 thousand (2021: €–6,802 thousand) respectively. Overall, this results in a net foreign exchange loss of €–12,597 thousand (2021: net foreign exchange loss of €–3,334 thousand). For further information, please refer to notes 34, 37 and 38.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

Group companies

The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(b) income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates; and

(c) all resulting exchange differences are recognized in other comprehensive income.

6. Accounting policies in the consolidated financial statements

6.1. Management judgment, estimates, and assumptions

Application of accounting policies under IFRSs as adopted in the EU requires the JOST World Group to make assumptions and exercise judgment affecting the reported amounts of assets, liabilities, income, and expenses in the financial statements. In certain cases, the actual amounts may differ from the assumptions and estimates made. Such changes are recognized in the income statement as soon as they become known. The preparation of financial statements requires the use of accounting estimates. Management also needs to exercise judgment in applying the group's accounting policies. This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgments is included in other notes together with information about the basis of calculation for each affected line item in the financial statements. In addition, this note also explains where there have been actual adjustments this year as a result of an error and of changes to previous estimates.

The COVID-19 pandemic had no – or at best insignificant – effects on the company's business activities in the reporting period.

When preparing the financial statements, JOST also took into account the current macroeconomic environment, factoring the effects of this into the measurement of assets and liabilities, where relevant. Inflation and interest rate hikes were also considered. The effects of inflation on future cash flows and the impact of higher interest rates on the cost of capital were correspondingly included in the determination of recoverable amounts. However, there were no significant asset impairment charges that could be directly attributed to this economic uncertainty. Effects of the rise in interest rates on the measurement of pension obligations and other liabilities were likewise taken into account and led to significant measurement effects in the case of pensions. Russia's war in Ukraine did not have any direct material impact on the measurement (for example in the form of impairment losses), but it did shape the macroeconomic environment.

When preparing the financial statements, climate-related matters are taken into account in connection with the exercise of significant judgments and the making of estimates. This did not have any effect on these financial statements.

Measurement of items of property, plant, and equipment, and intangible assets with finite and indefinite useful lives

For property, plant and equipment and intangible assets, the expected useful life, which may also be indefinite, must be estimated; these estimates are subject to uncertainty. As outlined in note 6.2 to 6.4, these assets must also be tested for impairment. The performance of impairment tests (especially for goodwill and trademarks with indefinite useful lives), and in particular the determination of fair value, is based on management's assessments of future cash flows and the discount rates used. In particular, the assumptions regarding future cash flows in the planning period and beyond, if applicable, relate mainly to expected market developments and the products' profitability. For more information, see note 9 and note 10.

Business combinations

When accounting for business combinations, judgments need to be made in assessing whether an intangible asset is identifiable and should be recognized separately from goodwill. Moreover, estimating the acquisition-date fair value of identifiable assets acquired and liabilities assumed entails significant judgments. The necessary measurements are based on information available at the acquisition date as well as on expectations and assumptions which management considers to be reasonable. Those judgments, estimates and assumptions may significantly affect the net assets, financial position and results of operations for the following reasons, among others:

The fair values allocated to assets required to be depreciated or amortized affect the amount of the depreciation and amortization charges recognized in operating profit in periods after the acquisition. Subsequent adverse changes in the assets' estimated fair values could result in additional expenses due to impairment. Subsequent changes in the estimated fair values of liabilities and provisions could result in additional expenses (in the event of an increase in estimated fair values) or additional income (in the event of a decrease in estimated fair values).

Goodwill from business combinations is tested for impairment (see note 6.2). In this context, various significant estimates and assumptions are required; these are explained in further detail in note 9.

Pensions and similar obligations

Provisions and expenses for post-employment defined-benefit pension plans are determined on the basis of actuarial calculations. The actuarial valuation is based on assumptions concerning discount rates, future wage and salary increases, mortality rates, future pension increases, and expected staff turnover. All assumptions are reviewed at the balance sheet date. The discount rate is based on high quality corporate bond yields for the currency in question at the reporting date. The mortality rate is based on publicly available mortality tables for the country in question. Future wage and salary increases, as well as pension increases, are based on expected future inflation rates for the country concerned, as well as on the structure of the defined-benefit pension plan. Such estimates are subject to significant uncertainties, in line with the long-term orientation of the pension plans. For effects of using different actuarial assumptions on the carrying amount of pension obligations, see note 20.

Other provisions

Other provisions are recognized and measured based on estimates of the probability of future outflows of payments and reflect past experience and circumstances known at the reporting date. For this reason, outflows of actual payments may differ from the recognized amount of other provisions.

Leases

Under IFRS 16, lease terms are estimated based on the non-cancellable period of the lease and the assessment as to whether existing extension and termination options will be exercised. The determination of the term and the discount rates used affect the amount of the right-of-use assets and lease liabilities.

Financial instruments

If the fair value of financial assets and liabilities recognized in the balance sheet cannot be measured using prices in an active market, it is determined using valuation techniques. The inputs used in the valuation model are based as far as possible on observable market data. If this is not possible, fair value measurement is subject to a degree of management judgment. This assessment by management mainly concerns liquidity risk, credit risk and volatility, and affects the recognized fair value of financial instruments.

Recognition of deferred taxes on interest and loss carryforwards

Regarding the future use of loss carryforwards at Jasione GmbH, it is assumed that there has been no “detrimental acquisition of an interest” (schädlicher Beteiligungserwerb) within the meaning of Section 8c of the Körperschaftsteuergesetz (German Corporate Income Tax Act – KstG) that can result in a (proportional) forfeiture of the existing loss carryforwards. In addition, the positive equity comparison as of December 31, 2018 (equity ratio for the group must be lower than for the Jasione GmbH tax group) is expected to be accepted by the tax authorities so that the interest carried forward can therefore be fully deducted or carried forward as an expense in fiscal year 2019. Moreover, assumptions regarding future business performance and based on that regarding the amount of taxable income and therefore the amount of loss carryforwards to be used in the future are made for the five-year planning period.

6.2. Goodwill and other intangible assets

Purchased intangible assets are recognized at cost and reduced by straight-line amortization over their useful lives. The group has intangible assets with an indefinite useful life. Impairment losses are recognized if required. Goodwill is not amortized.

The useful lives applied to the group’s intangible assets can be summarized as follows:

	Order backlog	Software	Patents and technologies	Customer list	Trademarks
Useful lives	1 year	3 years	5 – 15 years	15 – 22 years	20 years

For the acquired Quicke brand, impairment testing is carried out at least once a year on November 30 unless a triggering event arises.

Goodwill

Goodwill resulting from business combinations represents the excess of the consideration transferred over the acquirer’s interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree as of the acquisition date.

For impairment testing purposes, goodwill acquired in the course of a business combination is allocated from the acquisition date to the cash-generating units or groups of cash-generating units that are expected to benefit from the synergies generated by the business combination. JOST Werke AG has designated the geographic markets as its groups of cash-generating units. The identified groups of cash-generating units are Europe, North America, and Asia-Pacific-Africa (APA).

Goodwill impairment reviews are undertaken annually as of December 31, or more frequently if events or changes in circumstances indicate a potential impairment. Goodwill is tested for impairment at the level of the lowest cash-generating unit or groups of cash-generating units to which it is allocated, by comparing the carrying amount of the cash-generating units with their recoverable amount. If the carrying amount is higher than the recoverable amount, the cash-generating unit is impaired and must be written down to the recoverable amount. The recoverable amount of a cash-generating unit is the higher of its fair value less costs to sell (not considered in the impairment test carried out as of December 31, 2022) and its value in use. Value in use is defined as the present value of the future cash flows expected to be derived by the entity from the cash-generating units. Value in use is calculated by discounting the estimated future cash flows to their present value by applying a pre-tax discount rate that reflects current market expectations of the time value of money and the risks specific to the cash-generating unit. An appropriate discounted cash flow model is used to measure fair value less costs to sell. Impairment losses on goodwill may not be reversed in future periods if the reasons for recognizing the impairment loss in previous periods no longer apply. The carrying value of the cash-generating unit containing the goodwill/intangible asset is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal.

Research and development expenses

In addition to the costs of the research departments and process development, this income statement item includes third-party services and the cost of technical tests. Expenditure on research shall be recognized as an expense when it is incurred. Development expenses are expensed in full in the period in which they are incurred unless the recognition criteria in IAS 38 require the expenses to be capitalized. If development expenses are capitalized, the cost model is applied after initial recognition of the development expenses, under which the asset is recognized at cost less any cumulative straight-line amortization and any cumulative impairment losses. Capitalized development costs are amortized on a straight-line basis over the period in which the asset's future economic benefits are expected to be consumed. This period is usually three to fifteen years. The carrying amount of capitalized development expenses is tested for impairment once a year if the asset is not yet in use, or more frequently if there are indications of impairment during the course of the fiscal year.

6.3. Impairment of intangible assets with indefinite useful lives

The subsequent measurement of intangible assets depends on whether the asset has a finite or indefinite useful life. In the case of intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Intangible assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date that will be booked if identified appropriately.

6.4. Property, plant, and equipment

Items of property, plant, and equipment are recognized at cost less cumulative depreciation and any cumulative impairment losses. Straight-line depreciation is based on the estimated useful lives of the assets. The carrying amounts of items of property, plant, and equipment are tested for impairment if there are indications that the carrying amount of an asset is higher than its recoverable amount. If an item of property, plant and equipment is part of a cash-generating unit, impairment is determined on the basis of the recoverable amount of that unit.

Costs subsequent to initial recognition, for example because of expansion or replacement investments, are only recognized as part of the cost of the assets or – if applicable – as a separate asset if it is probable that the group will derive future economic benefits from them and the cost of the asset can be measured reliably. Expenses for repairs and maintenance that do not represent significant replacement investments (day-to-day servicing) are recognized as expenses in the fiscal year in which they are incurred. An item of property, plant, and equipment is derecognized when it is disposed of or if no future economic benefits are expected from its continued use or sale. The gains or losses on derecognition of the asset are determined as the difference between the net disposal proceeds and its carrying amount and are recognized in profit or loss in the period in which the asset is derecognized. The residual values of assets, useful lives, and depreciation methods are reviewed at the end of each fiscal year and adjusted if necessary.

The useful lives applied to the group's property, plant, and equipment are summarized as follows (land is not depreciated):

	Other equipment, operating and office equipment	Technical equipment and machinery	Land, land and rights, and buildings, including buildings on third-party land
Useful lives	1 – 8 years	4 – 20 years	20 – 50 years

Borrowing costs that are directly attributable to the acquisition, construction, or production of an asset (qualifying asset) in cases where a substantial period of time (twelve months or more) is required to get the asset ready for its intended use or sale are capitalized as part of the cost of the asset in question. All other borrowing costs are recognized as expenses in the period in which they are incurred. No borrowing costs were capitalized in fiscal years 2022 and 2021.

6.5. Investments accounted for using the equity method

Investments in joint ventures are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. Dividend payments reduce the equity interests' carrying amounts. The group's investment in associates includes goodwill identified on acquisition. Joint ventures and associates of the group are accounted for using the equity method.

The group determines at each reporting date whether there is any objective evidence that the investment in a joint venture is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognizes the amount as impairment loss in the income statement.

6.6. Inventories

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of raw materials, consumables, and supplies is measured using a weighted average cost formula. The cost of finished goods and work in progress comprises the costs of raw materials, consumables, and supplies, direct labor, other direct costs, and indirect costs that can be directly attributable to the production process (based on normal capacity). The cost of inventories does not contain any borrowing costs because no inventories are purchased or produced the acquisition or production of which requires a substantial period of time to get them ready for their intended use or sale. Impairment losses on inventories are recognized if necessary to reflect reduced marketability.

6.7. Financial assets and financial liabilities

Upon initial recognition, financial assets are classified as subsequently measured at amortized cost or at fair value through profit or loss. Financial assets are classified based on the business model used to managed these financial assets and the composition of the contractual cash flows they generate. In contrast, financial liabilities are generally classified as measured at amortized cost with the exception of financial liabilities measured at fair value through profit or loss. The group classifies its financial assets and financial liabilities in the following categories: Financial Assets at Amortized Cost (FAAC), Financial Liabilities at Amortized Cost (FLAC), Financial Assets through Profit or Loss (FAtPL) and Financial Liabilities through Profit or Loss (FLtPL).

With the exception of trade receivables without a significant financing component, financial assets and financial liabilities are initially measured at fair value. The transaction costs directly associated with the acquisition or issue of financial assets or liabilities must be added to or deducted from financial assets and liabilities not measured at fair value through profit or loss. The standard requires trade receivables without a significant financing component to be measured at the transaction price.

As of December 31, 2021, and as of December 31, 2022, there were no financial assets measured at fair value through profit or loss. Financial liabilities measured at fair value through profit or loss are explained in notes 22 and 25.

The group had no financial assets and liabilities that fulfill the offsetting criteria in accordance with IAS 32.42 et seq. as of the reporting date.

All regular way purchases and sales of financial assets are accounted for at the settlement date. Derivative financial instruments are recognized as of the trading date.

A financial asset is derecognized when, and only when, the contractual rights of the group to the cash flows from the financial asset expires or when the group transfers the financial assets and the transfer qualifies for derecognition. A financial liability (or a part of a financial liability) is derecognized from the balance sheet of the group when, and only when, it is extinguished – for example when the obligation specified in the contract is discharged or cancelled or expires.

Net gains and losses on financial instruments comprise measurement gains and losses, impairment expenses from financial assets, and interest and dividends.

Financial assets measured at amortized cost
This category includes financial assets held as part of a business model that aims to collect contractual cash flows. In addition, the contract terms also result in cash flows exclusively limited to interest and principal payments on the outstanding capital amount.

Financial assets measured at fair value through profit or loss
The following financial assets are classified as measured at fair value through profit or loss:

- financial investments in debt instruments that are neither measured at amortized cost nor at fair value through other comprehensive income,
- financial investments in equity instruments held for trading, and
- financial investments in equity instruments for which the company has decided not to recognize changes in fair value in other comprehensive income.
- Financial assets voluntarily measured at fair value through profit or loss in order to eliminate or minimize mismatches in measurement or disclosure.

Changes in the fair value of financial assets in this category are recognized in profit or loss at the time of the increase or decrease in fair value.

Financial liabilities measured at amortized cost
With the exception of financial liabilities measured at fair value, financial liabilities are generally classified as measured at amortized cost.

Financial liabilities measured at fair value through profit or loss
Financial liabilities measured at fair value through profit or loss are recognized in the balance sheet at fair value. This category includes derivatives with a negative market value, financial guarantees, commitments to provide a loan at below the market interest rate and a contingent consideration within the scope of a business combination within the meaning of IFRS 3.

Subsequent measurement
Financial assets and liabilities are subsequently measured according to their classification.

Financial assets measured at amortized cost are the most significant category of financial assets for the group and mainly comprise trade receivables as well as cash and cash equivalents. They are subsequently measured using the effective interest method and net of any impairment losses. Gains and losses resulting from derecognition, modification or impairment are recognized through profit or loss.

Financial assets measured at fair value through profit or loss are recognized in the balance sheet at fair value, while changes in the fair value are recognized in the income statement.

The financial liabilities classified at amortized cost are measured using the effective interest method and are the most significant category of financial liabilities for the group. They mainly comprise loans and trade payables.

Financial liabilities initially classified as measured at fair value through profit or loss are recognized in the balance sheet at fair value, while changes in the fair value are recognized in the income statement.

Impairment of financial assets
Loss allowances which reflect the expected credit losses (ECL) are recognized for financial assets not recognized at fair value through profit or loss. The expected credit losses correspond to the difference between the contractual cash flows payable according to the agreement and the total cash flows which the group expects to receive while discounting future cash flows. The expected credit losses are recognized in two steps. Step 1 comprises all of the financial assets whose credit risk has not significantly increased since initial recognition. Impairment losses are recognized in the amount of the credit losses expected over the next twelve months. On the other hand, step 2 comprises all of the financial assets whose credit risk has significantly increased. For these financial assets, impairment losses are recognized for the expected credit losses throughout the remaining term. The assessment of whether the credit risk has changed significantly is made on the basis of the change in the probability of default.

Impairment losses/gains are recognized in the “Selling expenses” item in the income statement.

The simplified approach according to IFRS 9 is applied for trade receivables and contract assets. These assets are not allocated to either of the above steps. Impairment losses are generally measured on the basis of the credit losses expected over the respective term.

Indications of a receivable’s impairment include significant financial difficulty of a debtor, an increased probability that a borrower will enter bankruptcy or other reorganization proceedings, as well as a breach of contract such as delinquency in interest or principal payments. Expected credit losses are determined by grouping trade receivables based on how overdue they are. The expected loss rates are calculated using both historical information (such as historical loss allowances) as well as forward-looking information (like country credit ratings by rating firms). The loss rates determined in this way are also used for contract assets. Payments subsequently received on amounts that have been written off are credited against the impairment losses recognized on trade receivables in the “Selling expenses” item in the income statement. A credit-impaired receivable is ultimately derecognized when it is no longer expected that the debtor will make payments, such as when an insolvency or reorganization process is completed.

Phase 2 of the interest rate benchmark reform (IBOR reform) did not have any impact on the current period and is not likely to significantly affect future periods.

6.8. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank balances, short-term deposits with original maturities of less than three months, and bank bills of exchange that can be converted into cash at any time and are not subject to significant fluctuations in value. They are measured at amortized cost.

6.9. Pensions and similar obligations

Group companies operate various pension schemes. The schemes are for the most part for employees and managing directors of JOST-Werke Deutschland GmbH, Neu-Isenburg. Some schemes are funded through payments to insurance companies, determined by periodic actuarial calculations. The group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The major pension scheme is a final salary pension plan providing life-long payments in case of retirement, disability or death. Besides there are individual pension promises providing fixed amounts of life-long payments or lump sum payments in case of retirement, disability or death. Risks of the pension schemes, such as life expectancy, changes in actuarial interest rates, and inflation, are in general borne by the group companies.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Remeasurements arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise and shall not be reclassified to profit or loss in a subsequent period.

For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

6.10. Other provisions

Provisions are recorded when a past event gives rise to a present legal or constructive obligation to a third party, utilization of the obligation is probable and the anticipated amount of the obligation can be estimated reliably. The measurement of these provisions is at the present best estimate of the expenses necessary to fulfill the obligation. If appropriate, the amount of the provisions corresponds to the present value of the expenditures expected to be necessary to meet the obligations. Refund claims are capitalized separately, if applicable. If the group expects at least a partial refund on claims for which a provision has been set up, the refund is recognized under other assets.

6.11. Trade payables and other liabilities

Trade payables and other financial liabilities are initially measured at fair value less transaction costs. They are subsequently measured at amortized cost using the effective interest method.

6.12. Interest-bearing loans and borrowings

Interest-bearing loans and borrowings are initially measured at fair value less transactions costs. They are subsequently measured at amortized costs.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs.

6.13. Derivatives

The group uses derivatives to hedge existing interest rate risks and exchange rate risks arising from loans, and trade receivables and trade payables denominated in foreign currencies. These are initially measured at fair value and subsequently at fair value as well.

The fair values of various derivative instruments used for hedging purposes are disclosed in notes 14 and 25. Changes in the fair values of the hedges are recognized in the income statement and shown in notes 37 and 38. The full negative fair value of a derivative is classified as a noncurrent liability when the remaining maturity of the derivative is more than twelve months, and as a current liability when the maturity is less than twelve months. If the fair value of a derivative is positive, it is classified as an asset.

The fair values of the derivatives are determined using valuation techniques, as they are not traded in an active market. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. Since all significant inputs are observable, the instruments are included in level 2 in accordance with IFRS 13. To determine the fair value an instrument JOST calculates the present value of the estimated future cash flows based on observable yield curves. The gross amount/market value shown in the measurement of the cross currency swaps reflects the present value of the aggregated cash flows. The present value is the sum of all discounted cash flows. Forward exchange contracts are measured using the present value method, with the future values discounted as of the measurement date.

6.14. Hedge accounting

Since July 1, 2021, the group has designated individual derivatives as hedging instruments in cash flow hedges. Hedges of the exchange rate risk of highly probable future transactions are accounted for as cash flow hedges.

At inception of the hedging relationship, the group documents the relationship between the hedging instrument and the hedged item, including the risk management objectives and its strategy for undertaking hedges. Both when entering into the hedge and on an ongoing basis, it also documents whether the hedging instrument designated into the hedging relationship is effective in offsetting changes in the cash flows of the hedged item. This is the case if the hedging relationship meets all of the following effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the group actually hedges and the quantity of the hedging instrument that the group actually uses to hedge that quantity of the hedged item.

If a hedging relationship ceases to meet the effectiveness requirements relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the group adjusts the hedge ratio of the hedging relationship so that it meets the requirements again.

Information on the fair value of derivatives designated in hedging relationships can be found in notes 25 and 46. Gains and losses on cash flow hedges are presented in equity in note 19. All other disclosures are provided in note 46.

Cash flow hedges

The effective portion of fair value changes in derivatives and other permissible hedging instruments that are suitable for cash flow hedging and have been designated as such is recognized in other reserves under the gain/loss from hedge reserve. The gain or loss attributable to the ineffective portion is immediately recognized in profit or loss and presented in the income statement within “Other income” or “Other expenses”. The amounts recognized in other reserves were presented in the statement of changes in equity in the year under review and as hedge reserves in the previous year.

Amounts that have previously been recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods in which the hedged item affects profit or loss, more specifically to the same line item as the hedged item. If, however, a hedged forecast transaction results in the recognition of a non-financial asset or non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the non-financial asset or non-financial liability. If the group expects that all or a portion of a loss accumulated in the gain/loss from hedge reserve will not be recovered in one or more future periods, that amount is immediately reclassified to profit or loss.

The group discontinues hedge accounting for a designated hedging relationship only if the hedging relationship (or a part of it) ceases to meet the qualifying criteria (subject to any rebalancing). This generally includes instances when the hedging instrument expires or is sold, terminated or exercised. Hedge accounting is discontinued prospectively. All gains or losses recognized in other reserves and accumulated in the gain/loss from hedge reserve at that date remain in equity and are reclassified to profit or loss when the forecast transaction occurs. If a forecast transaction is no longer probable, the gain or loss accumulated in the gain/loss from hedge reserve is immediately reclassified to profit or loss.

6.15. Leases

A lease is applicable where the fulfillment of a contract is dependent on the use of an identified asset and this contract transfers the right to control use of this asset for a specified period of time in return for consideration. Due to the application of IFRS 16, in principle as of the date on which the leased asset is available for use the JOST Werke Group as a lessee recognizes all leases in the balance sheet in the form of a right-of-use asset as well as a corresponding lease liability. Right-of-use assets and lease liabilities are initially measured at their present values. The lease liabilities comprise the following lease payments:

- Fixed payments, less the leasing incentives payable by the lessor,
- Variable payments that depend on an index or an interest rate,
- Expected residual value payments resulting from residual value guarantees,
- The exercise price of a call option if its exercise is deemed reasonably certain, and
- Penalty payments for any termination of the lease if the exercise of a termination option has been taken into consideration in the term of this lease.

Lease payments will be discounted by the interest rate implicit in the lease, if this is determinable. Otherwise, lease payments will be discounted by the lessee's incremental borrowing rate. Right-of-use assets will be measured at cost, which comprises the following elements:

- Lease liability,
- Lease payments made as of or prior to provision, less any leasing incentives received,
- Initial direct costs and
- Asset retirement obligations.

As a rule, the right-of-use asset will be depreciated on a straight-line basis over the shorter of the useful life and the lease term and the lease liability will be carried forward according to the effective interest method.

The group has made use of the following practical expedients as a lessee. Current and low-value leases that are covered by the practical expedient have not been recognized in the balance sheet. The standard is not applied to leases of intangible assets. The leasing payments resulting from these leases will thus continue to be classified as operating expenses. Moreover, the accounting option of not separating leasing and non-leasing components from one another has been exercised.

Some leases contain extension and termination options. Such contractual terms and conditions are used to give the group some operational flexibility in terms of the contracts it holds. Most of the existing extension and termination options can be exercised only by the JOST and not by the lessor. In determining the lease term, all facts and circumstances that create an economic incentive to exercise extension options or not to exercise termination options are considered. Any changes to a lease term as a result of the exercise of extension and termination options are only included in the term of the contract if the lease is reasonably certain to be extended or a termination option is reasonably certain not to be exercised.

6.16. Revenue recognition

According to IFRS 15, sales revenue must be recognized where the customer has obtained control of the agreed goods and services and can benefit from them. Sales revenues must be measured in the amount of the consideration which the company expects to receive. The model of IFRS 15 prescribes a five-step scheme for revenue recognition, according to which the customer agreement and the performance obligations which it comprises must first be identified. The transaction price must subsequently be determined and allocated to the performance obligations. Revenue must be recognized for each individual performance obligation where the customer obtains control over it. In case of multiple-component transactions, the overall transaction price of the combined agreement will be divided up into the individual, separate performance obligations on the basis of the pro rata standalone selling prices, i.e. the ratio of the standalone selling price of each individual component to the total standalone selling prices for the contractual performance obligations will be determined. This will result in the balance-sheet recognition of a contract asset or a contract liability.

Revenue within the JOST Werke Group is recognized when control of the goods has been transferred, i.e. when the goods have been delivered to the customer (or a forwarder commissioned by the customer) and no unfulfilled obligation remains that could affect the customer's acceptance of the goods. Delivery has taken place when the goods have been handed over to the customer in accordance with the Incoterms agreed with the customer, the risks of loss and destruction have been transferred to the customer and either the customer has accepted the goods in accordance with the purchase agreement or the terms of acceptance are fulfilled or else the group has objective indications that all of the criteria for acceptance have been fulfilled. Revenue from these sales is recognized at the contract price less estimated customer discounts, i.e. in the amount of the transaction price which the JOST World Group is likely to receive. Receivables will be recognized at the time of delivery and upon the claim arising unconditionally.

Bonuses with retrospective effect are often agreed for the sale of goods. A refund liability (shown under the contract liabilities item) is recognized for discounts payable to customers or prepayments already received for sales made up until the end of the reporting period. The estimate of the provision for rebates to be paid is based on experience (expected loss method).

The group almost exclusively generates revenue from the sale of goods at a particular point in time. The performance obligation and due date of the payment depend on the respective Incoterms and payment terms agreed with the customer. Sales are overwhelmingly completed with periods for payment of between 30 and 90 days, in line with normal market practice. In case of prepayments received, the period between payment and delivery usually is not more than 12 months. Variable consideration components include bonuses, rebates, discounts, and price reductions. There are no significant financing components. Guarantees exceeding the standard statutory terms are not granted. Refund liabilities at JOST comprise the aforementioned rebates in particular. No expenses have arisen for contract costs.

6.17. Taxes

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. In addition, the actual taxes reported in the fiscal year include adjustment amounts for any tax payments or tax refunds for years which have not yet been finally assessed. In the event that the amounts stated in the tax returns probably cannot be realized, tax provisions will be established. The amount will be determined on the basis of the best possible estimate of the expected tax payment. Tax receivables resulting from uncertain tax positions will be recognized in the balance sheet if their realization is very likely and thus sufficiently certain.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Tax refunds for previous years cannot be ruled out due to future court rulings or a change of opinion on the part of the revenue authorities.

Deferred tax assets and liabilities are recognized for temporary differences between IFRS values and tax base. Deferred tax assets are also recognized for loss carry forwards in most cases. They are only recognized if it is probable that taxable profit will be available against which the tax asset can be utilized. Deferred tax assets and liabilities are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset if the company has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to settle on a net basis. An excess of deferred tax assets is only recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax liabilities are recognized for deductible temporary differences associated with investments in subsidiaries, unless the group is able to control the timing of reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

6.18. Share-based payment in accordance with IFRS 2

Share-based payment transactions are treated in accordance with IFRS 2 Share-based Payment by the group. The standard encompasses all arrangements where an entity purchases goods or services in exchange for the issue of an entity’s equity instruments, or cash payments based on the fair value of the entity’s equity instruments, unless the transaction is clearly for a purpose other than payment for goods or services supplied to the entity receiving them. In accordance with IFRS 2, JOST distinguishes between equity-settled and cash-settled plans. The financial benefit from equity-settled plans determined on the grant date is recognized in equity over the expected vesting period. Expenses from cash-settled plans are also allocated over the expected vesting period, but recognized as a liability. As of the reporting date, there are only cash-settled plans.

6.19. Cash flow statement

The consolidated cash flow statement was prepared in accordance with IAS 7 and classifies cash flow into operating, investing and financing activities. Cash flow from operating activities was determined using the indirect method, whereas cash flow from investing activities was calculated on the basis of the direct method. The changes in the balance sheet items shown in the cash flow statement cannot be derived directly from the balance sheet, since noncash effects resulting from currency translation have been taken into consideration. Investing activities are the acquisition and disposal of noncurrent assets and other investments not included in cash equivalents. Cash flow from financing activities is also determined using the direct method. Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the entity.

6.20. Hyperinflationary adjustments

In fiscal year 2022, Turkey was classified as a hyperinflationary economy as defined by IAS 29. As the functional currency of the Turkish subsidiary is the Turkish lira, IAS 29 is being applied to the financial statements of Jost Otomotiv Sanayi Ticaret A.S. for the first time during fiscal year 2022. For this purpose, the non-monetary assets, and liabilities as well as the issued capital in the opening balance sheet will be adjusted initially with the purchasing power, i.e., with the measuring unit as of the reporting date. In accordance with IAS 21.42b and 43, the comparative figures were not adjusted, as the consolidated financial statements were prepared in a stable currency. Differences between the closing balance sheet in 2021 and the opening balance sheet of the subsidiary were recognized in retained earnings. As of the reporting date, an adjustment of the assets based on the historical cost method in line with the measuring unit adopted at the reporting date was applied for the non-monetary assets, in particular intangible assets and property, plant and equipment and the equity of Jost Otomotiv Sanayi Ticaret A.S.. In addition, all items in the statement of comprehensive income are adjusted to reflect the purchasing power as of the reporting date. The resulting effects are presented in the consolidated income statement in a separate line item “Gain/ loss on the net monetary position in accordance with IAS 29” in the financial result. Any differences that occurred from consolidation as of the reporting date were recognized in other comprehensive income.

The price index adopted here was the customer price index published by Türkiye İstatistik Kurumu (Turkish Statistical Institute). The changes of indicators have been listed in the following table since fulfillment of the requirement of IAS 29. Further information and effects on the reporting period can be found under note 36.

	31.12.2022	31.12.2021
Consumer price index	1,128	687

7. Exceptionals

The following explanation of adjusted effects serves to clarify the information in the income statement. These effects have been adjusted on the basis of the management approach in the segment reporting.

In fiscal year 2022, expenses amounting to €35,099 thousand (2021: €50,895 thousand) were adjusted within earnings before interest and taxes (EBIT).

The items adjusted within EBIT relate to expenses arising from the purchase price allocations (PPA depreciation and amortization) in the amount of €27,278 thousand (2021: €27,750 thousand) recognized under selling expenses and research and development expenses Furthermore, cost of sales as well as selling, administrative and other expenses were adjusted for expenses relating to other effects totaling €7,792 thousand (2021: €9,864 thousand). The other effects relate in part to expenses for an optimization project at the Ålö Group in the amount of €134 thousand (2021: €2,279 thousand), expenses for the relocation of a production site from the Netherlands to Portugal in the amount of €131 thousand (2021: €1,101 thousand) and expenses for the relocation of a logistics center in Germany in the amount of €630 thousand (2021: €3,123 thousand). Significant expenses for human resources measures in the amount of €2,583 thousand (2021: €929 thousand), for the conversion of JOST Werke AG into a European Company (Societas Europaea (SE) in the amount of €381 thousand (2021: €0 thousand), for litigation in a dispute with the former owners of Ålö Holding AB in the amount of €1,031 thousand (2021: €0 thousand) and expenses for the optimization of company processes at JOST (in particular consulting expenses) in the amount of €1,958 thousand (2021: €1,756 thousand) were also adjusted. In addition, expenses of €29 thousand (2021: €0 thousand) for the JOST Werke Group’s refinancing were eliminated.

In the previous year, there were income effects in EBIT arising from the sale of the disposal group amounting to €13,281 thousand and to €16 thousand in the net finance result. Of this, €1,113 thousand related to the EBIT of JOST UK Ltd. until its deconsolidation and €10,910 thousand relates to impairment losses on primarily property, plant and equipment, customer lists, trademark rights and goodwill.

After taking into account the adjustments of earnings before taxes, this would give a tax expense of €34,560 thousand for 2022 (2021: €29,597 thousand) based on the tax rate applicable for JOST Werke AG.

The table below shows the earnings adjusted for these effects:

in € thousands	01.01. – 31.12.2022 Unadjusted	D&A from PPA	Refinancing	Other effects	Adjustments, total	**01.01. – 31.12.2022 Adjusted**
Sales revenues	**1,264,606**				**0**	**1,264,606**
Cost of Sales	**–927,586**			**2,509**	**2,509**	**–925,077**
Gross profit	**337,020**	**0**		**2,509**	**2,509**	**339,529**
Selling expenses	–162,067	24,620		1,312	25,932	–136,135
Research and development expenses	–19,661	2,658		244	2,902	–16,759
Administrative expenses	–65,142		29	4,321	4,350	–60,792
Other income	23,079				0	23,079
Other expenses	–33,369			–594	–594	–33,963
Share of profit or loss of equity method investments	8,882				0	8,882
Operating profit (EBIT)	**88,742**	**27,278**	**29**	**7,792**	**35,099**	**123,841**
Gain/loss on the net monetary position in accordance with IAS 19	–375				0	–375
Financial income	10,532				0	10,532
Financial expense	–18,806		7		7	–18,799
Net finance result	**–8,649**	**0**	**7**	**0**	**7**	**–8,642**
Profit / loss before tax	**80,093**	**27,278**	**36**	**7,792**	**35,106**	**115,199**
Income taxes	–20,247					–34,560
Profit / loss after taxes	**59,846**					**80,639**
Weighted average number of shares	**14,900,000**					**14,900,000**
Basic and diluted earnings per share (in €)	**4.02**					**5.41**

in € thousands	01.01. – 31.12.2021 Unadjusted	D&A from PPA	Effects from the sale of the disposal group	Other effects	Adjustments, total	**01.01. – 31.12.2021 Adjusted**
Sales revenues	**1,050,931**		**–2,326**		**–2,326**	**1,048,605**
Cost of Sales	**–772,309**		**10,143**	**2,629**	**12,772**	**–759,537**
Gross profit	**278,622**	**0**	**7,817**	**2,629**	**10,446**	**289,068**
Selling expenses	–147,122	24,966	4,853	2,948	32,767	–114,355
Research and development expenses	–17,983	2,784	141	192	3,117	–14,866
Administrative expenses	–63,361		463	2,904	3,367	–59,994
Other income	11,022		–16		–16	11,006
Other expenses	–13,045		23	1,191	1,214	–11,831
Share of profit or loss of equity method investments	5,807				0	5,807
Operating profit (EBIT)	**53,940**	**27,750**	**13,281**	**9,864**	**50,895**	**104,835**
Gain/loss on the net monetary position in accordance with IAS 19	0				0	0
Financial income	8,383		–1		–1	8,382
Financial expense	–14,576		17		17	–14,559
Net finance result	**–6,193**	**0**	**16**	**0**	**16**	**–6,177**
Profit / loss before tax	**47,747**	**27,750**	**13,297**	**9,864**	**50,911**	**98,658**
Income taxes	–3,883					–29,597
Profit / loss after taxes	**43,864**					**69,061**
Weighted average number of shares	**14,900,000**					**14,900,000**
Basic and diluted earnings per share (in €)	**2.94**					**4.63**

8. Segment information

According to IFRS 8, the identification of operating segments to be included in the reporting process is based on the so-called management approach. External reporting should therefore be based on the group's internal organization and management structure, as well as internal financial reporting to the Chief Operating Decision Maker. At the JOST Werke Group, the Executive Board is responsible for assessing and controlling the success of the various segments.

Management reporting is organized into region-oriented segments. The following three operating segments are specified in the management reporting:

- Europe
- North America
- Asia-Pacific-Africa

The operating segments include all legal independent companies of the region. The product portfolio (parts for trucks, trailers and agricultural tractors) of the operating segments is broadly similar. However, no material sales revenues are generated with products for agricultural tractors in the Asia-Pacific-Africa region.

The Executive Board monitors the operating segments based on sales revenues and the most important earnings figures and measures operating segment performance primarily on adjusted earnings before interest and taxes (adjusted EBIT). Adjusted EBIT is calculated based on the consolidated financial statements in accordance with IFRS of JOST Werke AG adjusted for exceptional items, depreciation and amortization of property, plant, and equipment and intangible assets from purchase price allocations (PPA) and impairment and reversal of impairment of property, plant, and equipment and intangible assets from purchase price allocations. Exceptionals comprise other non-operating expenses and income and relate in part to expenses for an optimization project at the Ålö Group, expenses for the relocation of a production facility from the Netherlands to Portugal, expenses for the relocation of the GLC (Global Logistic Center) from Neu-Isenburg to Erfurt, expenses for human resources measures, expenses for the conversion of JOST Werke AG into a European Company (Societas Europaea (SE), expenses for litigation in a dispute with the former owners of Ålö Holding AG and for optimization projects in finance (in the previous year: expenses in connection with the sale of the disposal group, the relocation of a production facility from the Netherlands to Portugal and the relocation of the GLC (Global Logistic Center) from Neu-Isenburg to Erfurt as well as optimization projects in finance and at the Ålö Group). The exceptionals in 2022 have been incurred mainly in the operating segment Europe. The share of profit or loss of investments accounted for using the equity method is not allocated to a segment and is therefore included in the "reconciliation" column.

Group financing (including finance expenses and finance income) and income taxes are not managed on operating segment level. Transactions between the business units are charged at market conditions. Profits and losses resulting from intrasegment transactions are eliminated in each segment; income and expenses resulting from internal transactions are eliminated in the reconciliation column.

Segment reporting for fiscal year 2022

in € thousands	Europe	North America	Asia, Pacific and Africa	Reconciliation	**Consolidated financial statements**
Sales revenues[1]	1,148,053	398,900	315,932	–598,279	1,264,606[2]
thereof: external sales revenues[1]	**695,516**	**396,339**	**172,751**	**0**	**1,264,606**
thereof: internal sales revenues[1]	452,537	2,561	143,181	–598,279	0
Adjusted EBIT[3]	**41,815**	**35,720**	**37,424**	**8,882**	**123,841**
thereof: depreciation and amortization	18,315	6,126	6,210	0	30,651
Adjusted EBIT margin	6.0%	9.0%	21.7%		9.8%
Adjusted EBITDA[3]	**60,130**	**41,846**	**43,634**	**8,882**	**154,492**
Adjusted EBITDA margin	8.6%	10.6%	25.3%		12.2%

[1] Sales by destination in the reporting period:
Europe: €585,168 thousand, Americas: €421,385 thousand, Asia-Pacific-Africa: €258,053 thousand
[2] Sales revenues in the segments show the sales revenues by origin.
[3] The share of profit or loss of investments accounted for using the equity method is not allocated to a segment and is therefore included in the "reconciliation" column in the amount of €8,882 thousand.

Segment reporting for fiscal year 2021

in € thousands	Europe	North America	Asia, Pacific and Africa	Recon-ciliation	Consoli-dated financial statements
Sales revenues[1]	984,925	261,552	289,736	–487,608	**1,048,605[2]**
thereof: external sales revenues[1]	**618,230**	**258,956**	**171,419**	**0**	**1,048,605**
thereof: internal sales revenues[1]	366,695	2,596	118,317	–487,608	0
Adjusted EBIT[3]	**45,385**	**23,666**	**29,977**	**5,807**	**104,835**
thereof: depreciation and amortization	17,566	5,223	5,766	0	28,555
Adjusted EBIT margin	7.3%	9.1%	17.5%		10.0%
Adjusted EBITDA[3]	**62,951**	**28,889**	**35,743**	**5,807**	**133,390**
Adjusted EBITDA margin	10.2%	11.2%	20.9%		12.7%

1 Sales by destination in the reporting period:
Europe: €514,275 thousand, Americas: €288,357 thousand, Asia-Pacific-Africa: €245,976 thousand
2 Sales revenues in the segments show the sales revenues by origin and have been adjusted in the Europe Segment for the sales revenues of Jost UK Ltd. in the amount of €2,326 thousand.
3 The share of profit or loss of investments accounted for using the equity method is not allocated to a segment and is therefore included in the "reconciliation" column in the amount of €5,807 thousand.

Sales revenues in the fiscal year are distributed as follows between the two business units Transport and Agriculture:

in € thousands	Transport	Agriculture	Consolidated financial statements
Sales revenues	936,926	327,680	1,264,606

In the reporting periods the group did not generate more than 10% of total external sales revenue with one customer.

JOST generated external sales revenues in the amount of €337,145 thousand (2021: €301,094 thousand) with its companies registered in Germany. JOST generated external sales revenues in the amount of €379,459 thousand (2021: €244,468 thousand) with its companies registered in the USA and €206,097 thousand (2021: €175,206 thousand) with its companies registered in Sweden.

Reconciliation of earnings to adjusted earnings figures as of December 31, 2022

in € thousands	**2022**	2021
Profit / loss after taxes	**59,846**	**43,864**
Income taxes	20,247	3,883
Net finance result	8,649	6,193
EBIT	**88,742**	**53,940**
D&A from PPA	27,278	27,750
Effects from the sale of the disposal group[1)]	0	13,281
Other effects	7,821	9,864
Adjusted EBIT	**123,841**	**104,835**
Adjusted EBIT margin	9.8%	10.0%
Depreciation	27,463	25,373
Amortization	3,188	3,182
Adjusted EBITDA	**154,492**	**133,390**
Adjusted EBITDA margin	12.2%	12.7%

1 The effects from the sale of the disposal group in 2021 include impairment losses of €4,706 thousand, which can be allocated to D&A and impairment losses from PPA.

The following tables show noncurrent assets by operating segments for December 31, 2022:

in € thousands	Europe[1]	North America	Asia, Pacific and Africa	Reconciliation[2]	**Consolidated financial statements**
Noncurrent assets[2]	365,320	52,631	63,291	19,797	501,039

[1] Of this amount, €51,898 thousand is attributable to noncurrent assets of companies registered in Germany. This does not include intangible assets recognized as part of the purchase price allocation as these figures are not available at the level of individual companies and the cost to determine them would be excessive.
[2] Noncurrent assets include the carrying amount of investments accounted for using the equity method that is not allocated to a segment and therefore included in the reconciliation column.

The following tables show noncurrent assets by operating segments for December 31, 2021:

in € thousands	Europe[1]	North America	Asia, Pacific and Africa	Reconciliation	**Consolidated financial statements**
Noncurrent assets[2]	394,582	50,999	49,216	14,029	508,826

[1] Of this amount, €57,124 thousand is attributable to noncurrent assets of companies registered in Germany. This does not include intangible assets recognized as part of the purchase price allocation as these figures are not available at the level of individual companies and the cost to determine them would be excessive.
[2] Noncurrent assets include the carrying amount of investments accounted for using the equity method that is not allocated to a segment and therefore included in the reconciliation column.

Noncurrent assets consist of goodwill, intangible assets, property, plant, and equipment, investments accounted for using the equity method and other noncurrent financial assets (excluding financial instruments). Effects from purchase price allocation are allocated to each segment.

The impairment tests did not result in any impairments or reversals of impairments for noncurrent assets in 2022 and 2021.

9. Goodwill and other intangible assets

in € thousands	Goodwill	Internally generated intangible assets	Customer list	Other intangible assets	Advance payments and intangible assets under construction	Total intangible assets
Cost						
Balance at January 1, 2021	**166,413**	**51,384**	**432,057**	**166,365**	**9**	**816,228**
Changes in the basis of consolidation	–801	0	–4,619	–2,223	0	–7,643
Additions	0	4,152	0	455	8	4,615
Currency and other changes	473	–784	224	–1,190	0	–1,277
Reclassifications	0	0	0	354	0	354
Disposals	0	0	0	–8	0	–8
Balance at December 31, 2021	**166,085**	**54,752**	**427,662**	**163,753**	**17**	**812,269**
Changes in the basis of consolidation	0	3,877	0	148	9	4,034
Additions	0	0	0	15	0	15
Currency and other changes	–4,315	–3,083	–2,094	–5,733	0	–15,225
Reclassifications	0	0	0	140	0	140
Disposals	0	0	0	–23	0	–23
Balance at December 31, 2022	**161,770**	**55,546**	**425,568**	**158,300**	**26**	**801,210**
Amortization and impairment						
Balance at January 1, 2021	**74,267**	**14,957**	**257,171**	**75,848**	**0**	**422,243**
Changes in the basis of consolidation	–801	0	–2,934	–1,669	0	–5,404
Additions	0	4,557	22,431	3,392	0	30,380
Impairment	801	0	2,934	981	0	4,716
Currency and other changes	7	–84	–336	92	0	–321
Disposals	0	0	0	–11	0	–11
Balance at December 31, 2021	**74,274**	**19,430**	**279,266**	**78,633**	**0**	**451,603**
Additions	0	4,280	22,461	3,447	0	30,188
Currency and other changes	7	–559	–630	–376	0	–1,558
Disposals	0	0	0	–22	0	–22
Balance at December 31, 2022	**74,281**	**23,151**	**301,097**	**81,682**	**0**	**480,211**
Carrying amount as of December 31, 2021	**91,811**	**35,322**	**148,396**	**85,120**	**17**	**360,666**
Carrying amount as of December 31, 2022	**87,489**	**32,395**	**124,471**	**76,618**	**26**	**320,999**

The goodwill of €166,085 thousand presented as of December 31, 2021 mostly comprises an amount of €74,267 thousand that has been impaired since 2009 and in accordance with IAS 36 may not be written up again, in addition to an amount of €90,157 thousand arising from the acquisition of the Ålö Group in 2020. The impairment loss of €801 thousand in the 2021 reporting year results from the sale of the disposal group. The changes in fiscal year 2022 are due to currency effects.

The internally generated intangible assets result from various development projects with amortization periods of one to 12 years. The average remaining amortization period is 6 years.

The customer lists result from various business combinations with amortization periods of 1 to 17 years. The average remaining amortization period is 9 years.

Other intangible assets mainly include brand names in the amount of €75,026 thousand (2021: €82,349 thousand), Of which €64,889 thousand (2021: €70,397 thousand) have an indefinite useful life. From a market perspective, the Quicke brand with a carrying amount of €64,889 thousand (2021: €70,397 thousand) resulting from the acquisition of the Ålö Group is assumed to have an indefinite useful life, as it is a long-established brand name for which an end of its usefulness is not foreseeable and which therefore has an indeterminable useful life. This brand is subject to an annual impairment test. The brand's recoverable amount was determined as its fair value (Level 3) less costs to sell using the relief-from-royalty method. The expected cash flows from the corporate planning data with a detailed planning period are used as a basis. Cash flows beyond this three-year period are extrapolated using the estimated growth rates stated below, applying a discount rate of 9.6% p.a. (2021: 8.5% p.a.) and a license rate of 5% (2021: 5%) as well as a 0.3% growth rate (2021: 0.3%). The 2022 impairment test was brought forward from December 31 to November 30; there were no indications of impairment.

The discount rate is determined based on the risk-free rate of interest (2022: 1.7%; 2021: 0.3%), the market risk premium (2022: 7%; 2021: 7%) and the borrowing rate resulting from specific peer group information (2022: 3.9%; 2021: 1.3%). A company-specific risk premium was also applied. Specific peer group information on beta factors and leverage is also taken into account.

For 2022, management assumed a year-over-year increase in consolidated revenues in the low double-digit range and a share of the Quicke brand of 45.7% (2021: 50.5%).

The assumptions are based on management's expectations about future market trends, which are based on forecasts provided by renowned research institutions.

If changes in key assumptions are considered possible, these changes are taken into account in a sensitivity analysis. The sensitivity analysis was performed for all significant influencing factors in isolation, i.e. a change in the fair value of a cash-generating unit results only from a reduction or an increase in the influencing factor in question.

If the discount rate were to show an isolated increase of 11.1%, the fair value would fall below the carrying amount. The fair value would remain above the carrying amount if the growth were to experience an isolated reduction to 0%. If the license rate were to show an isolated reduction to no more than 4.3%, the fair value would fall below the carrying amount.

For further details regarding amortization, impairments, and the reversal of impairments see note 40.

Goodwill impairment testing
Goodwill is allocated to the cash-generating units (CGUs) identified by the group in accordance with the geographical areas as goodwill is monitored at segment level. Goodwill is allocated as follows:

Goodwill by segment – carrying amounts

in € thousands	**31.12.2022**	31.12.2021
Cash-generating unit Europe	66,396	69,676
Cash-generating unit North America	12,819	13,453
Cash-generating unit Asia, Pacific and Africa	8,274	8,682
Total	**87,489**	**91,811**

The recoverable amount of a CGU is based on its value in use, which is estimated using discounted cash flows. This calculation uses cash flow projections based on financial budgets/forecasts approved by management for a three-year period. Cash flows beyond this three-year period are extrapolated using the estimated growth rates stated below. In JOST's view, these growth rates do not exceed the long-term average growth rate for the geographical area of the CGU in question.

The discount rates applied are pre-tax rates and reflect the risk specific to the CGU in question.

The discount rate is determined based on the risk-free rate of interest, the market risk premium and the borrowing rate. Specific peer group information on beta factors and leverage is also taken into account.

The material assumptions are as follows:

Goodwill by segment – material assumptions

2022	CGU Europe	CGU North America	CGU APA
Long-term terminal value growth rate	0.9%	0.9%	0.9%
Discount rate	11.6%	10.9%	12.4%

Goodwill by segment – material assumptions

2021	CGU Europe	CGU North America	CGU APA
Long-term terminal value growth rate	0.9%	0.9%	0.9%
Discount rate	10.3%	9.6%	10.8%

Sales, EBIT and EBITDA are expected to grow in the low single-digit percentage range in 2023.

The assumptions are based on management's expectations about future market trends, which are based on forecasts provided by renowned research institutions.

If changes in key assumptions are considered possible, these changes are taken into account in a sensitivity analysis for the individual CGUs. The sensitivity analysis was performed for all significant influencing factors in isolation, i.e. a change in the fair value of a cash-generating unit results only from a reduction or an increase in the influencing factor in question.

10. Property, plant, and equipment

in € thousands	Land, land and rights, and buildings, including buildings on third-party land	Right-of-use assets for land, land and rights, and buildings, including buildings on third-party land	Technical equipment and machinery	Right-of-use assets for technical equipment and machinery	Other equipment, operating and office equipment	Right-of-use assets for other equipment, operating and office equipment	Advance payments and assets under construction	**Total**
Cost								
Balance at January 1, 2021	**59,214**	**40,381**	**117,875**	**928**	**34,855**	**9,500**	**7,846**	**270,599**
Changes in the basis of consolidation	–4,839	0	–33,258	–1,053	–2,097	–943	0	–42,190
Additions	581	12,342	4,503	37	1,443	2,273	9,001	30,180
Currency and other changes	999	689	3,809	261	2,106	134	–198	7,800
Reclassifications	343	0	5,200	0	654	0	–6,551	–354
Disposals	–6	–401	–2,931	0	–218	–1,689	–5	–5,250
Balance at December 31, 2021	**56,292**	**53,011**	**95,198**	**173**	**36,743**	**9,275**	**10,093**	**260,785**
Changes in the basis of consolidation	1,021	21,926	4,389	0	2,483	2,242	20,469	52,530
Additions	877	0	516	0	4	0	0	1,397
Currency and other changes	–303	–1,050	–2,252	2	295	52	–713	–3,969
Reclassifications	3,047	0	6,663	0	4,720	0	–14,570	–140
Disposals	–37	–4,292	–3,440	–52	–1,376	–2,484	–19	–11,700
Balance at December 31, 2022	**60,897**	**69,595**	**101,074**	**123**	**42,869**	**9,085**	**15,260**	**298,903**
Depreciation and impairment								
Balance at January 1, 2021	**34,049**	**12,104**	**63,300**	**414**	**22,820**	**4,121**	**0**	**136,808**
Changes in the basis of consolidation	–4,893	0	–30,895	–580	–1,661	–694	0	–38,724
Additions	2,190	7,213	9,575	19	4,270	2,658	0	25,925
Impairment	81	0	6,112	0	0	0	0	6,194
Currency and other changes	632	82	3,010	252	1,761	89	0	5,826
Disposals	–261	–855	–2,791	0	–341	–1,473	10	–5,711
Balance at December 31, 2021	**31,798**	**18,544**	**48,311**	**105**	**26,849**	**4,701**	**10**	**130,318**
Changes in the basis of consolidation	1,828	8,697	10,263	28	4,266	2,645	0	27,727
Additions	9	0	5	0	0	0	0	14
Currency and other changes	–260	–446	–2,032	0	330	–33	0	–2,441
Disposals	–17	–4,063	–3,168	–49	–1,069	–2,740	0	–11,106
Balance at December 31, 2022	**33,358**	**22,732**	**53,379**	**84**	**30,376**	**4,573**	**10**	**144,512**
Carrying amount as of December 31, 2021	**24,494**	**34,467**	**46,887**	**68**	**9,894**	**4,574**	**10,083**	**130,467**
Carrying amount as of December 31, 2022	**27,539**	**46,863**	**47,695**	**39**	**12,493**	**4,512**	**15,250**	**154,391**

As of December 31, 2022, assets under construction in the amount of €13,744 thousand have been included in the “Advance payments made and assets under construction” item (2021: €9,149 thousand).

The increase in property, plant and equipment was mainly caused by the rise in assets under construction and right-of-use assets for land in connection with the construction and commissioning of a new logistics center in Germany and the start of construction of a new production plant in India.

For further details regarding depreciation, see note 40.

The following overview separately lists the right-of-use assets recognized in connection with leases in noncurrent assets.

in € thousands	Right-of-use assets for land, land and rights, and buildings, including buildings on third-party land	Right-of-use assets for technical equipment and machinery	Right-of-use assets for other equipment, operating and office equipment	Total
Cost				
Balance at January 1, 2021	**40,381**	**928**	**9,500**	**50,809**
Changes in the basis of consolidation	0	–1,053	–943	–1,996
Additions	12,342	37	2,273	14,652
Currency and other changes	689	261	134	1,084
Disposals	–401	0	–1,689	–2,090
Balance at December 31, 2021	**53,011**	**173**	**9,275**	**62,459**
Additions	21,926	0	2,242	24,168
Currency and other changes	–1,050	2	52	–996
Disposals	–4,292	–52	–2,484	–6,828
Balance at December 31, 2022	**69,595**	**123**	**9,085**	**78,803**
Depreciation and impairment				
Balance at January 1, 2021	**12,104**	**414**	**4,121**	**16,639**
Changes in the basis of consolidation	0	–580	–694	–1,274
Additions	7,213	19	2,658	9,890
Currency and other changes	82	252	89	423
Disposals	–855	0	–1,473	–2,328
Balance at December 31, 2021	**18,544**	**105**	**4,701**	**23,350**
Additions	8,697	28	2,645	11,370
Currency and other changes	–446	0	–33	–479
Disposals	–4,063	–49	–2,740	–6,852
Balance at December 31, 2022	**22,732**	**84**	**4,573**	**27,389**
Carrying amount as of December 31, 2021	**34,467**	**68**	**4,574**	**39,109**
Carrying amount as of December 31, 2022	**46,863**	**39**	**4,512**	**51,414**

The corresponding lease liabilities are shown as other financial liabilities (see notes 22 and 25).

11. Investments accounted for using the equity method

Investments accounted for using the equity method relate to JOST Brasil Sistemas Automotivos Ltda., Caxias do Sul/Brazil, which produces and markets JOST branded products in South America and is JOST's access into this market. The joint venture is a material equity investment through which the group conducts its operations and its strategy. This equity method investment has successfully operated for more than 20 years and is of strategic significance. This entity is under common control as all material decisions have to be agreed unanimously together between JOST and the other shareholder. Joint management is contractually fixed.

The following table shows the summarized financial information of the joint venture:

in € thousands	2022	2021
Noncurrent assets	12,394	11,217
Current assets	43,521	32,308
Noncurrent liabilities	2,025	2,511
Current liabilities	18,853	17,304
Equity	35,037	23,709
Sales revenues	115,045	78,127
Total income	122,597	83,566
Total expenses	104,471	71,715
Profit or loss for the period[1]	18,126	11,851
Equity interest (%)	49	49
Share of profit or loss for the period	8,882	5,807
Carrying amount of investment at 31.12.	**19,797**	**14,029**

[1] For 2022 and 2021 there is no other comprehensive income; the profit for the year is therefore also the total comprehensive income.

Reconciliation of the summarized financial information presented to the carrying amount of interest in the joint venture is as follows:

in € thousands	2022	2021
Net assets at of 31.12.	**35,037**	**23,709**
Interest in joint venture	17,168	11,617
Goodwill (translated at current fx rate)	2,159	1,930
Fx effects on net assets	470	482
Carrying amount	**19,797**	**14,029**

in € thousands	2022
Carrying amount as of 1.1.	**14,029**
Profit for the year	8,882
Dividend	–5,690
Other comprehensive income	2,576
Carrying amount as of 31.12.	**19,797**

Additional information:

in € thousands	2022	2021
Cash and cash equivalents	15,412	9,062
Current financial liabilities	15,570	11,597
Noncurrent financial liabilities	1,366	1,865
Depreciation and amortization	922	664
Interest income	3,461	2,830
Interest expenses	2,183	858
Income tax expenses	7,153	4,788

Dividends of €5,346 thousand and interest received of €344 thousand (2021: interest received of €231 thousand) were recognized in fiscal year 2022.

An average of 454 people were employed in the reporting period (217 salaried employees and 237 hourly paid workers). In 2021, the headcount was 416 (192 salaried employees and 224 hourly paid workers).

Currency translation effects of €2,576 thousand (2021: €135 thousand) were recognized in other comprehensive income in the reporting year.

As in prior years there were no contingent liabilities as at December 31, 2022.

12. Leases

In connection with real estate, the JOST Werke Group mainly leases production halls, warehouses and office buildings. Leased production machinery is reported under technical equipment and machinery. Other equipment, operating and office equipment mainly comprise the leased vehicle pool. The leases have terms of between one year and 20 years. In case of agreements with an indefinite term, estimates have been made on the basis of the economic useful life. Lease agreements may include extension and termination options.

The recognition of the right-of-use assets and the corresponding lease liabilities results in the following balance sheet disclosures as of the reporting date:

IFRS 16 – Disclosures in the Balance Sheet

in € thousands	2022	2021
Assets		
Property, plant, and equipment		
Right-of-use assets – Land, land and rights, and buildings, including buildings on third-party land	46,863	34,467
Right-of-use assets – Technical equipment and machinery	39	68
Right-of-use assets – Other equipment, operating and office equipment	4,512	4,574
Total	**51,414**	**39,109**
Equity and liabilities		
Other noncurrent financial liabilities		
Noncurrent lease liabilities	44,735	31,906
Other current financial liabilities		
Current lease liabilities	10,451	9,947
Total	**55,186**	**41,853**

For further information on the development of the rights of use, see note 10. The lease liabilities as the present value of future lease payments are based on the maturities indicated in note 22.

The application of IFRS 16 results in the following income statement disclosures:

IFRS 16 – Disclosures in the Income Statement

in € thousands	**2022**	2021
Depreciation charge on right-of-use assets	–11,370	–9,890
Depreciation of right-of-use assets – Land, land rights, and buildings, including buildings on third-party land	–8,697	–7,213
Depreciation of right-of-use assets – Technical equipment and machinery	–28	–19
Depreciation of right-of-use assets – Other equipment, operating and office equipment	–2,645	–2,658
Expenses from short-term leases	–9	–526
Expenses from leases of low-value assets	–59	–83
Income from subleasing right-of-use assets	0	1
Interest expense on lease liabilities	–1,631	–1,346

The following amounts were recognized in the cash flow statement:

IFRS 16 – Disclosures in the Income Statement

in € thousands	**2022**	2021
Cash flow from operating activities		
Profit/loss before tax		
Expenses relating to short-term leases and leases of low-value assets	–68	–614
Cash flow from financing activities	**–12,052**	**–11,147**
Interest payments	–1,562	–1,441
Repayment of lease liabilities	–10,490	–9,706
Total cash outflow for leases	**–12,120**	**–11,761**

In addition, future cash outflows have resulted from variable lease payments, residual value guarantees, and for current leases with a term of 12 months or less and leases of low-value assets, which are insignificant from the point of view of the JOST Werke Group. There were no sale and leaseback transactions in the year under review and the previous year.

13. Deferred tax assets and liabilities

The analysis of deferred tax assets and deferred tax liabilities is as follows:

in € thousands	**2022**	2021
Deferred tax assets		
Deferred tax assets realized after more than 12 months	11,992	12,736
Deferred tax assets realized within 12 months	530	910
Total	**12,522**	**13,646**
Deferred tax liabilities		
Deferred tax liabilities realized after more than 12 months	20,778	20,239
Deferred tax liabilities realized within 12 months	7,647	7,733
Total	**28,425**	**27,972**
Deferred tax liabilities (net)	**15,903**	**14,326**

The movement in deferred income tax assets and liabilities during the fiscal year is as follows:

Deferred tax assets

in € thousands	Pension obligations	Inventories	Loss carryforwards	Tax exemption grant for profits in economic zones[1]	Provisions and other liabilities	Total
Balance at December 31, 2020	**13,613**	**1,517**	**26,586**	**1,373**	**5,864**	**48,953**
Additions/disposals due to change in the basis of consolidation					–1,017	–1,017
Amount recognized in profit or loss	–1,082	304	–928	66	5,539	3,899
Amount recognized directly in equity	–1,538					–1,538
Currency changes						0
Balance at December 31, 2021	**10,993**	**1,821**	**25,658**	**1,439**	**10,386**	**50,297**
Offsetting of deferred tax liabilities						–36,651
Net deferred tax liabilities as of December 31, 2021						**13,646**
Additions/disposals due to change in the basis of consolidation						0
Amount recognized in profit or loss	138	–320	–415	–1,439	1,053	–983
Amount recognized directly in equity	–6,350					–6,350
Currency changes						0
Balance at December 31, 2022	**4,781**	**1,501**	**25,243**	**0**	**11,439**	**42,964**
Offsetting of deferred tax liabilities						–30,442
Net deferred tax assets as of December 31, 2022						**12,522**

1 Jost Polska Sp. z o.o. in 2021 for the last time received grants in the form of tax exemptions for investments and the creation of new jobs in the Nowa Sól special economic zone.

Deferred tax liabilities

in € thousands	Intangible assets	Property, plant, and equipment	Investments in associates	Other financial liabilities (hedge accounting)	**Total**
Balance at December 31, 2020	**74,437**	**878**	**121**	**0**	**75,436**
Additions due to change in the basis of consolidation	–1,844				–1,844
Amount recognized in profit or loss	–9,203	40	87		–9,076
Other financial liabilities (hedge accounting)				170	170
Currency changes	–63				–63
Balance at December 31, 2021	**63,327**	**918**	**208**	**170**	**64,623**
Offsetting of deferred tax liabilities					–36,651
Net deferred tax liabilities as of December 31, 2021					**27,972**
Additions due to change in the basis of consolidation					0
Amount recognized in profit or loss	–5,775	–241	303	0	–5,713
Amount recognized directly in equity	0	0	0	38	38
Currency changes	–81	0	0	0	–81
Balance at December 31, 2022	**57,471**	**677**	**511**	**208**	**58,867**
Offsetting of deferred tax liabilities					–30,442
Net deferred tax assets as of December 31, 2022					**28,425**

Deferred taxes are calculated using the tax rates applicable when the temporary differences are expected to reverse. The effects of changes in tax rates or tax laws on deferred tax assets and liabilities are usually recognized in profit or loss. Changes relating to deferred taxes that were previously recognized in other comprehensive income are reported in other comprehensive income. The change is generally recorded in the period during which the material legislative procedure was completed.

Under the Finance Act 2021, it was decided to increase the rate of corporation tax in the United Kingdom from 19% to 25% with effect from April 1, 2023. The plans of the government in place following the autumn 2022 reshuffle to withdraw the increase in the tax rate before its entry into effect were thrown out again shortly afterwards, as a result of which a tax rate of 25% is expected to apply in the UK from April 1, 2023 onwards.

Deferred taxes are measured using the income tax rates enacted or substantively enacted at the reporting date in the respective countries. The deferred taxes recognized mainly relate to Germany and Sweden. For deferred taxes relating to Germany a tax rate of 27.6% (2021: 30%) has been used: In addition to corporate income tax of 15% (2021: 15%), the solidarity surcharge amounting to 5.5% (2021: 5.5.%) of corporate income tax and the average trade tax rate of 11.8% (2021: 14%) were taken into account.

The changes in deferred taxes (net) are as follows:

in € thousands	**2022**	2021
Balance at 01.01. (net liability)	**14,326**	**26,483**
Addition (+)/disposal (–) due to changes in the basis of consolidation	0	–827
Expense (+)/income (–) in income statement	–4,730	–12,635
Income taxes recognized in OCI (– profit/+ loss)	6,388	1,368
Currency changes	–81	–63
Balance at 31.12. (net liability)	**15,903**	**14,326**

Taxes on income in € thousands	**2022**	2021
Current tax on profit before tax	24,977	17,515
Deferred taxes	–4,730	–13,632
Income taxes	**20,247**	**3,883**

Current tax on earnings before taxes compromise expenses for other fiscal years with an amount of €125 thousand (2021: income of €–491 thousand).

The reasons for the difference between the expected and reported tax expense and the expected and effective tax rate in the group are as follows:

Reconciliation

in € thousands	2022	2021
Profit/loss before tax	80,093	47,747
Expected tax rate (in %)	30.0%	30.0%
Expected income taxes	24,028	14,324
Taxes on distributed dividends	1,325	925
Differences due to deviating tax rates from group tax rate	–3,630	–4,195
Tax benefits received	–401	0
Recognition of deferred taxes on tax exemption grant for profits in economic zones	1,439	0
Recognition of deferred taxes on losses carried forward	–2,246	–4,018
Income tax reduction for results from associates	–2,531	–1,655
Tax effects of non-deductible income/expenses	1,026	–1,140
Utilization of loss carryforwards for which no deferred taxes were recognized	–650	–2,495
Losses for which no deferred taxes were recognized	1,909	2,417
Income/expenses for other fiscal years	125	–491
Income taxes not based on profit/loss before tax (other taxes)	–5	–57
Other	–141	269
Effective tax charges	20,247	3,883
Effective tax rate (in %)	25.3%	8.1%

As the expected tax rate, the tax rate of Germany has been used because the largest portion of business activities takes place in Germany and therefore the German tax rate is the most relevant tax rate.

In respect of temporary differences related to investments in subsidiaries and associates, there are retained earnings at subsidiaries amounting to €236,552 thousand (December 31, 2021: €394,826 thousand), which are to remain permanently invested and therefore do not trigger a deferred tax liability.

Deferred tax assets for tax loss carryforwards are recognized in the amount at which taxable temporary differences exist in respect of the same taxation authority and the same taxable entity and the related tax benefits are likely to be realized from future taxable profits. Deferred tax assets for tax loss carryforwards declined by €–415 thousand in the reporting period (2021: €–928 thousand) (balance of amounts reversed and recognized). Unused tax loss carryforwards for which no deferred tax assets were recognized in the consolidated balance sheet are shown in the table below.

German tax loss carryforwards, for which no deferred taxes were recognized in the consolidated financial statements, are divided into corporate income tax carryforwards of €226,636 thousand (2021: €256,423 thousand) and trade tax carryforwards of €146,695 thousand (2021: €188,293 thousand). In Germany there is also interest carried forward from previously non-tax-deductible interest expense in the amount of €11,014 thousand (2021: €0 thousand). Unused loss carryforwards from outside Germany for which no deferred taxes were carried amount to €0 thousand (2021: €37,538 thousand).

The losses can be carried forward indefinitely and have no expiry date.

Global minimum taxation

In order to address concerns about the uneven distribution of profits and the different tax charges of large multinationals, various agreements have been reached at global level, including an agreement between over 135 countries on the introduction of a global minimum tax rate of 15 percent. In December 2021, the OECD published a draft framework, followed by detailed guidelines in March 2022, which the individual signatory countries to the agreement are to use to amend their local tax laws. Once the changes to the tax laws in the countries in which the group operates are effective or are shortly to become effective, the group may be subject to the minimum tax. At the date when the consolidated financial statements were authorized for issue, the tax legislation in connection with minimum tax was neither effective nor shortly to become effective in any of the countries in which the group operates. The group may be subject to the minimum tax, as it has a subsidiary in Hungary, where the statutory tax rate is 9 percent, which reduces its effective tax rate to less than 15 percent. The Executive Board is keeping a close watch on the progress of the legislative process in each country in which the group operates. As of December 31, 2022, the group did not have sufficient information to determine the possible quantitative effects.

14. Financial assets and financial liabilities

The carrying amounts, fair values, categories and classes of financial assets and financial liabilities are as follows:

in € thousands	Measurement categories in accordance with IFRS 9	Carrying amount 31.12.2022	Fair value 31.12.2022	Carrying amount 31.12.2021	Fair value 31.12.2021	Level
Assets						
Cash and cash equivalents	FAAC	80,681	80,681	87,482	87,482	n/a
Trade receivables	FAAC	166,718	166,718	153,437	153,437	n/a
Derivative financial assets	FAtPL	3,785	3,785	0	0	2
Other financial assets	FAAC	5,253	5,253	3,843	3,843	n/a
Total		**256,437**	**256,437**	**244,762**	**244,762**	

Cash and cash equivalents, trade receivables, and other financial assets are generally of a current nature. The fair value therefore roughly corresponds to the carrying amount. As of the reporting date, all other financial assets are measured at amortized cost (FAAC); the same applied to December 31, 2021.

The future interest rate volatility from the variable interest tranches of the promissory note loans is hedged via eight interest rate swaps. Overall, the interest rate swaps as of December 31, 2022, had a positive fair value of €1,157 thousand (mark-to-market valuation) (2021: negative fair value of €780 thousand), which is shown in the balance sheet under other noncurrent financial assets. The group entered into 23 derivatives in November 2020 to hedge the exchange rate risk between the Swedish krona and the euro. These derivatives have a positive fair value of €2,741 thousand as of December 31, 2022 (mark-to-market valuation) (2021: negative fair value of €206 thousand), which is also shown in the balance sheet under other noncurrent financial assets. For details regarding the maturities of loans see notes 22 and 23.

in € thousands	Measurement categories in accordance with IFRS 9	Carrying amount 31.12.2022	Fair value 31.12.2022	Carrying amount 31.12.2021	Fair value 31.12.2021	Level
Liabilities						
Trade payables	FLAC	137,970	137,970	163,458	163,458	n/a
Interest-bearing loans and borrowings[1]	FLAC	278,056	282,961	281,400	282,305	2
Lease liabilities	n/a[2]	55,186	n/a	41,853	n/a	n/a
Contingent purchase price liability	FLtPL	7,450	7,450	10,200	10,200	3
Other financial liabilities	FLAC	510	510	2,875	2,875	n/a
Derivative financial liabilities	FLtPL	1,607	1,607	986	986	2
Total		**480,779**	**430,498**	**500,772**	**459,824**	

[1] excluding accrued financing costs (see note 23)
[2] Within the scope of IFRS 16

Since trade payables and other liabilities have short maturities, their carrying amounts do not differ from their fair values. With the exception of derivative financial liabilities and the contingent purchase price liability arising from the acquisition of the Ålö Group, all liabilities listed in the table are measured at amortized cost (FLAC). Derivative financial liabilities are measured at fair value through profit or loss (FLtPL).

Lease liabilities fall within the scope of IFRS 16 and are therefore not allocated to any of the measurement categories established under IFRS 9.

in € thousands		Net gains / losses 2022	Carrying amount 31.12.2022	Fair value 31.12.2022	Net gains / losses 2021	Fair value 31.12.2021	Fair value 31.12.2021
Of which aggregated by measurement categories in accordance with IFRS 9							
„Financial assets at amortised costs“	FAAC	–913	252,652	252,652	–55	244,762	244,762
„Financial liabilities at amortised costs“	FLAC	–5,738	416,536	421,441	–6,110	447,733	448,638
„Financial assets at Fair Value through Profit or Loss“	FAtPL	986	3,785	3,785	0	0	0
„Financial Liabilities at Fair Value through Profit or Loss“	FLtPL	0	9,057	9,057	1,441	11,186	11,186

The net loss on financial assets measured at amortized cost amounts to €913 thousand (2021: €55 thousand) and stems from the loss allowances recognized on trade receivables as of December 31, 2022. The net loss from financial liabilities measured at amortized cost amounts to €5,738 thousand (2021: €6,110 thousand) and stems from interest expense and other financial expenses (see note 38). The net gain from financial assets and financial liabilities measured at fair value amounts to €986 thousand (2021: net gain of €1,441 thousand from the fair value measurement of the contingent purchase price liability, of the interest rate swaps and of the derivatives used to hedge the risk from exchange rate fluctuations of the Swedish krona in relation to the group currency euro). It stems from the fair value measurement of the interest rate swaps and of the derivatives used to hedge the risk from exchange rate fluctuations of the Swedish krona in relation to the group currency euro as of December 31, 2022 (see note 25).

The JOST Werke Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)

Level 3: Inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs).

There were no transfers between the levels of the fair value hierarchy during 2022 and 2021.

The fair value of the interest-bearing loans and borrowings is determined in 2022 and 2021 considering actual interest curves and classified as level 2 of the fair value hierarchy.

The measurement of derivatives is described in notes 6.13, 22 and 25.

15. Inventories

in € thousands	31.12.2022	31.12.2021
Raw materials, consumables, and supplies	75,571	70,084
Work in process	27,855	26,121
Finished goods and merchandise	110,864	102,229
Total	**214,290**	**198,434**

As at December 31, 2022, impairments on inventories amounting to €12,372 thousand (December 31, 2021: €10,344 thousand were recognized. The impairment losses resulted in expenses recognized in cost of sales in the amount of €2,028 thousand (previous year: income of €1,074 thousand).

16. Trade receivables and other financial assets

Trade receivables

Trade receivables amounted to €166,718 thousand at the closing date (2021: €153,437 thousand). The increase in trade receivables is due to the increase in sales in the 2022 fiscal year.

Allowances on receivables changed as follows:

in € thousands	2022	2021
Balance at 01.01.	**2,543**	**2,633**
Additions/disposals due to changes in the basis of consolidation	0	–154
Additions	1,217	437
Utilization	–133	–175
Currency and other changes	–299	–198
Balance at 31.12.	**3,328**	**2,543**

The contractual amount outstanding from receivables that were written off during the reporting period and are still subject to enforcement activity is €84 thousand (2021: €86 thousand).

The aging of receivables is as follows:

in € thousands	Carrying amount before loss allowance	Of which not yet past due at the closing date	Davon am Stichtag überfällig				Of which credit-impaired at the closing date
			up to 3 months[1]	3 – 6 months	6 – 12 months	more than 12 months	
December 31, 2022	170,046	143,995	25,068	521	379	84	3,328
December 31, 2021	155,980	134,337	18,076	560	393	71	2,543

[1] The figures in the column “up to 3 months” include receivables due immediately.

Valuation allowances on trade receivables changed as follows:

2022

in € thousands	Total	Up to 3 months	3–6 months	6–12 months	More than 12 months
Item-by-item loss allowance	3,244	1,107	128	100	1,909
Loss allowance, expected credit loss	84	76	6	2	0
Total	**3,328**	**1,183**	**134**	**102**	**1,909**

2021

in € thousands	Total	Up to 3 months	3–6 months	6–12 months	More than 12 months
Item-by-item loss allowance	2,457	753	104	237	1,363
Loss allowance, expected credit loss	86	78	5	3	0
Total	**2,543**	**831**	**109**	**240**	**1,363**

As of the reporting date, all receivables are due within one year. The maximum default risk comprises the net carrying amounts of the financial assets recognized in the balance sheet which are not covered by commercial credit insurance. This risk is taken into consideration by means of loss allowances.

Other financial assets

Other financial assets in the prior-year reporting period mainly comprised security deposits. As of the reporting date, other financial assets primarily comprised a loan receivable, security deposits, noncurrent monetary investments, interest rate swaps and other derivatives amounting to €8,094 thousand (2021: €2,511 thousand). There were no credit-impaired financial assets as of the balance sheet date. No other financial assets were at risk of default as of the balance sheet date.

17. Other assets

At the reporting date, other assets amounted to €22,331 thousand (2021: €19,546 thousand). Other noncurrent assets in the previous year comprised liability insurance claims, which were paid out in full in the fiscal year (2022: €0 thousand; 2021: €104 thousand). Other noncurrent assets consist of prepaid expenses for a period of more than one year. Other current assets primarily include VAT receivables (2022: €10,771 thousand; 2021: €10,237 thousand), prepaid expenses (2022: €4,864 thousand; 2021: €5,421 thousand), recoverable taxes from business operations (2022: €763 thousand; 2021: €368 thousand), and current liability insurance claims (2022: €24 thousand; 2021: €840 thousand). The remaining amount is composed of a large number of individually immaterial items at the subsidiaries. The company did not record any losses on other assets in the year under review. Other assets do not include any overdue items as of the reporting dates. Due to the short-term character, the fair value does not material fluctuates to the book value as of the balance sheet dates.

18. Cash and cash equivalents

in € thousands	**31.12.2022**	31.12.2021
Cash on hand and bank balances	73,485	73,801
Bank bills of exchange	7,196	13,681
Total	**80,681**	**87,482**

The development and application of cash and cash equivalents is stated in the Consolidated Financial Cash Flow Statement. There were no credit-impaired financial assets as of the balance sheet date. The gross carrying amount corresponds to the maximum default risk. No cash and cash equivalents were at risk of default as of the balance sheet date.

19. Equity

As of December 31, 2022, the subscribed capital of the JOST Werke Group amounted to €14,900 thousand, which is fully paid-up and divided into 14,900,000 no-par value shares.

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 Executive 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. If new shares are issued from Authorized Capital 2018, shareholders generally have preemptive rights, which may be disapplied only in certain cases described in greater detail in Article 5 (2) of the Articles of Association and subject to the conditions stated there. The Executive Board has not yet exercised this authorization.

According to a further resolution adopted by the General Meeting on May 4, 2018, the Executive Board is authorized, with the approval of the Supervisory Board, to issue warrants, convertible bonds and/or income bonds as well as profit participation rights or combinations of these instruments (collectively referred to as “bonds”) with a total nominal value of up to €350m with or without a limited maturity period until May 3, 2023 and to issue the bearers and/or creditors of the bonds with option and/or conversion rights for up to 7,450,000 new no-par-value bearer shares in the company representing up to €7,450,000.00 of share capital in accordance with the more detailed bond conditions. While shareholders generally have preemptive rights, the Executive Board is authorized to disapply shareholders' preemptive rights to the bonds subject to the conditions outlined in the aforementioned authorizing resolution with the approval of the Supervisory Board. Further details can be found in the proposed resolution adopted by the General Meeting under agenda item 8 of the General Meeting on May 4, 2018. The Executive Board has not yet exercised this authorization. In order to service the bonds, the General Meeting conditionally increased the share capital of the company by up to €7,450,000.00 by issuing up to 7,450,000 new no-par-value bearer shares (Authorized Capital 2018; Article 6 of the Articles of Association).

The General Meeting of May 4, 2018 also authorized the company until May 3, 2023 to buy back its own shares in a volume up to a total of 10% of the existing share capital at the time the resolution was passed or, in the event that this figure is lower, the existing share capital at the time the authorization is exercised. The own shares acquired can be used for any legally permitted purpose. Further details can be found in the authorization resolution adopted by the General Meeting on May 4, 2018 (agenda item 6). The company has not acquired any of its own shares as of the preparation date of this report.

After the General Meeting held in May 2021, a dividend of €14.9m (€1.00 per share) was distributed to the shareholders of the company, which reduced retained earnings accordingly. The retained earnings include the net profit for fiscal year 2021 of €43,864 thousand.

After the General Meeting held in May 2022, a dividend of €15.6m (€1.05 per share) was distributed to the shareholders of the company, which reduced the retained earnings of JOST Werke AG accordingly. The retained earnings include the net profit for fiscal year 2022 of €59,846 thousand.

An amount of €28,401 thousand was taken from capital reserves and transferred to retained earnings in fiscal year 2022 (2021: €22,910 thousand).

Retained earnings continue to show a negative amount due to losses incurred in the past. The name of the item was not adjusted.

The other comprehensive income for fiscal year 2022 recognized in other reserves in an amount of €8,413 thousand (2021: €12,953 thousand) includes exchange differences on translating foreign operations of €–4,724 thousand (2021: €10,026 thousand), remeasurements from defined benefit plans with an amount of €18,620 thousand (2021: €5,127 thousand) and deferred taxes resulting from this of €–6,350 thousand (2021: €–1,538 thousand), hyperinflation adjustments pursuant to IAS 29 of €1,014 thousand (2021: €0 thousand) and losses from hedge account of €–185 thousand (2021: €–832 thousand) less deferred taxes of €38 thousand (2021: €170 thousand). Hedge accounting has been applied in the group since July 2021. The unrealized gains/losses on exchange rate differences on translating foreign operations which are currently recognized in other reserves in equity might be reclassified to profit and loss in case of disposal of a foreign operation according to IAS 21. In connection with the sale of the disposal group in fiscal year 2021, cumulative translation differences of €431 thousand from other comprehensive income were reclassified to profit or loss.

20. Pension obligations

Some of the group entities, particularly in Germany, have established pension plans for their employees. As of December 31, 2022, the defined benefit obligations amounted to €47,363 thousand in total as calculated pursuant to IAS 19 with a discount rate of 3.7%, The discount rate increased significantly as a result of increased market interest rates, which was the main contributor to the decrease in pension obligations. which were not covered by underlying plan assets. The majority of these pension liabilities are derived from an unfunded pension plan for the employees of JOST-Werke Deutschland GmbH (JOST Versorgungsordnung). Although this pension plan was established in 1977 and was closed for new entries in 1992, it continues to apply to active employees, former employees and pensioners of the company who received a pension promise prior to the scheme closure. This pension scheme provides for a pension upon reaching a certain age of life as well as an individual payment for invalidity and survivor's pension benefits, all of which depend on the employee's duration of service and the monthly gross salary at the end of his/her employment with the JOST Werke Group. Further, some of our companies make contributions to external pension providers for their employees. Plan assets are held by pension liability insurers and are endowed annually. Remeasurements that could result from differences between the calculated expected changes and actual changes in the number of employees and the calculation assumptions are recognized in full in the period in which they occur. They are presented in other comprehensive income reported in the Statement of Comprehensive Income.

in € thousands	Defined benefit obligation	Plan assets	Total
Balance at 01.01.2021	**76,028**	**–4,181**	**71,847**
Current service cost	200	0	200
Interest cost	318	–17	301
Remeasurements on obligation	–5,054	–38	–5,092
thereof: experience adjustments	–304	0	–304
thereof: changes in financial assumptions	–4,750	0	–4,750
thereof: Return on plan assets	0	–38	–38
Benefits paid	–1,906	2,714	808
Employer contributions	0	–46	–46
Balance at 31.12.2021	**69,586**	**–1,568**	**68,018**
Laufender Dienstzeitaufwand	242	0	242
Zinsaufwand	618	–15	603
Neubewertung der Verpflichtung	–19,467	2	–19,465
thereof: experience adjustments	621	0	621
thereof: changes in financial assumptions	–20,088	0	–20,088
thereof: Return on plan assets	0	2	2
Benefits paid	–1,989	0	–1,989
Employer contributions	0	–46	–46
Balance at 31.12.2022	**48,990**	**–1,627**	**47,363**

in € thousands	2022	2021
Recognized provision (unfunded pension obligation)	47,363	68,018
Funded pension obligation	1,627	1,568
Total pension obligations	**48,990**	**69,586**
Total pension obligations	48,990	69,586
Net of plan assets	–1,627	–1,568
Carrying amount (corresponds to underfunding)	**47,363**	**68,018**
Reimbursement rights	**0**	**104**
Expected return		
Expense reported in the income statement	**845**	**498**
consisting of		
Service cost	242	200
Interest cost	618	318
Interest income on plan assets	–15	–17
Interest income on reimbursement rights	0	–3
Total	**845**	**498**

The defined benefit obligation and the fair value of plan assets developed as follows:

in € thousands	2022	2021
Income and expenses from remeasurements recognized in other comprehensive income	–19,465	–5,092
Changes in the defined benefit obligation in the fiscal year		
Balance at 01.01.	**69,586**	**76,028**
Current service cost	242	200
Interest cost	618	318
Remeasurements on obligation	–19,467	–5,054
Benefits paid	–1,989	–1,906
Balance at 31.12.	**48,990**	**69,586**
Fair value of plan assets		
Balance at 01.01.	**1,568**	**4,181**
Interest income	15	17
Return on plan assets	–2	38
Employer contributions	46	46
Benefits paid	0	–2,714
Balance at 31.12.	**1,627**	**1,568**

The plan assets only relate to Germany and include with 100% (2021: 100%) pension liability insurances with guaranteed return and are not quoted in an active market. The total amount of expenses recognized in the Statement of Comprehensive Income was included in administrative expenses.

Fair values of reimbursement rights

in € thousands	2022	2021
Balance at 01.01.	**104**	**93**
Interest income	0	3
Employer contributions	0	8
Benefit payments	–104	0
Balance at 31.12. (fair value)	**0**	**104**

The reimbursement rights relate to claims under pension liability insurance policies that did not qualify as plan assets due to a lack of insolvency protection. The reimbursement rights were therefore reported under other noncurrent assets on the asset side of the balance sheet in the previous year.

The following significant actuarial assumptions were made:

Assumptions

	2022	2021
Discount rate	3.7%	0.9%
Inflation rate/future pension increases	2.2%	1.8%
Future salary increases	2.2%	1.8%

The HEUBECK 2018 G mortality tables are used as a basis for biometric calculation in Germany.

Otherwise, the underlying mortality probabilities are based on statistics and historical data in the respective countries. The staff turnover rate was set to 0% as many of the beneficiaries are no longer actively employed.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

2022

	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.5%	Decrease by 5.3%	Increase by 6.7%
Salary growth rate	0.5%	Increase by 1.3%	Decrease by 1.2%
Pension growth rate	0.5%	Increase by 5.4%	Decrease by 4.9%
Life expectancy	1 year	Increase by 4.6%	Decrease by 4.1%

2021

	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.5%	Decrease by 7.6%	Increase by 8.6%
Salary growth rate	0.5%	Increase by 0.9%	Decrease by 0.9%
Pension growth rate	0.5%	Increase by 6.6%	Decrease by 6.0%
Life expectancy	1 year	Increase by 6.3%	Decrease by 5.3%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is fairly unlikely to occur, and changes in different assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognized within the balance sheet. In view of the recent increases in interest rates, sensitivity analyses were also carried out to account for a change of 1.0 percentage points in the assumptions for the discount rate. Where there is an increase in assumption, this leads to a decrease of 11.6% and where there is a decrease in assumption it leads to an increase of 14.3%.

Expected maturity analysis of undiscounted pension benefits:

2022

in € thousands	Up to 1 year	1 to 2 years	2 to 5 years	5 to 10 years	**Total**
	2,213	2,391	7,907	15,634	28,145

2021

in € thousands	Up to 1 year	1 to 2 years	2 to 5 years	5 to 10 years	**Total**
	2,059	2,242	7,562	14,791	26,654

Expected undiscounted pension benefits over ten years are not presented in the table.

The weighted average duration of the defined benefit obligation is 13 years (2021: 16 years).

Expected contributions to plan assets and reimbursement rights for the fiscal year ending December 31, 2022, are €46 thousand (2021: €46 thousand).

21. Other provisions

Other provisions changed as follows:

2022

in € thousands	Warranties	Customer commissions and bonuses	Share-based payment	Other personnel-related provisions	Other costs	**Total**
Balance at 01.01.2022	**9,029**	**6,048**	**4,049**	**3,101**	**5,985**	**28,212**
of which current	8,448	6,048	0	2,292	5,966	22,754
of which noncurrent	581	0	4,049	809	19	5,458
Additions	1,690	7,329	3,423	1,726	2,418	16,586
Utilization	–1,077	–5,707	0	–2,254	–2,690	–11,728
Reversal	–155	–70	0	–438	–933	–1,596
Currency and other changes	–61	–489	0	–2	–2	–554
Balance at 31.12.2022	**9,426**	**7,111**	**7,472**	**2,133**	**4,778**	**30,920**
of which current	8,874	7,111	7,320	1,416	4,760	29,481
of which noncurrent	552	0	152	717	18	1,439

2021

in € thousands	Warranties	Customer commissions and bonuses	Share-based payment	Other personnel-related provisions	Other costs	**Total**
Balance at 01.01.2021	**10,674**	**3,468**	**2,063**	**1,479**	**5,622**	**23,306**
of which current	10,115	3,468	0	666	5,212	19,461
of which noncurrent	559	0	2,063	813	410	3,845
Changes in the scope of consolidation	–133	–509	0	–221	0	–863
Additions	2,117	7,694	1,986	2,307	3,419	17,523
Utilization	–668	–3,503	0	–252	–2,409	–6,832
Reversal	–3,519	–1,017	0	–153	–712	–5,401
Currency and other changes	558	–85	0	–59	65	479
Balance at 31.12.2021	**9,029**	**6,048**	**4,049**	**3,101**	**5,985**	**28,212**
of which current	8,448	6,048	0	2,292	5,966	22,754
of which noncurrent	581	0	4,049	809	19	5,458

Warranties

Warranty provisions are subject to discretionary decisions by management. Based on specific circumstances for which no final agreement has been reached yet and based on past experience (complaint rate and amount of loss, etc.), this provision was recognized for products that were sold in prior periods. The warranties are limited to free repairs and replacements. Warranty provision is due within two years.

Customer commissions and bonuses

Customer commissions and bonuses mainly relate to commissions and bonuses for customers. The increase in customer commissions and bonuses mainly results from an increase in rebates and commissions to customers due to higher sales volume. Of this amount, €6,114 thousand (2021: €5,249 thousand) relates to rebates and commissions to customers of the Ålö companies. Provisions for customer commissions and bonuses are discretionary and were recognized based on sales volumes with customers. Customer commissions and bonuses are due within one year.

Share-based payment

In 2019, the company introduced a long-term incentive plan (LTIP) in order to retain selected managers of the JOST Werke Group in the company for the long term and provide them with the opportunity to participate in the success of the JOST Werke Group. The rights within the scope of the LTIP in the form of virtual shares establish an entitlement to cash payment following a four-year reference period (corresponding to the period of service) from April 1, 2019, to March 31, 2023, in line with the JOST share's outperformance of the SDAX index. If the JOST share matches or outperforms the SDAX, a special payment will be made in the amount of 100% of the value of the JOST share. If the JOST share underperforms the SDAX, a special payment will be made in the amount of 20% of the value of the JOST share. The payment resulting from the virtual shares is limited to three times their initial value (average price of the JOST share during the last 30 trading days prior to the start of the reference period).

In 2022, a total of 2,511 virtual shares with an initial value of €75 thousand were granted within the scope of the LTIP (2021: 8,369 virtual shares with an initial value of €250 thousand).

The fair value of the virtual shares was determined using a Monte Carlo simulation with the following input factors as of December 31, 2022:

	31.12.2022
JOST share price	€52.60
SDAX index	11,925.70
Expected volatility, JOST	29.52%
Expected volatility, SDAX	22.81%
JOST/SDAX correlation	0.5183
Risk-free interest rate	1.76%
Fair value	**€56.95**

The relative performance of the JOST share by comparison with the SDAX index, the average value at the end of the reference period, discrete dividend estimates for the JOST share and the limit on the payment amount were taken into consideration for the purpose of the Monte Carlo simulation.

As of December 31, 2022, 138,034 virtual shares (2021: 147,799 virtual shares) with a carrying amount of the liability amounting to €7,320 thousand (2021: €4,049 thousand) were outstanding. The expense recognized in the fiscal year amounts to €3,271 thousand (2021: €1,986 thousand). A total of 12,276 virtual shares expired (2021: 25,107 virtual shares) and no virtual shares vested.

Starting in fiscal year 2022, the company also introduced an LTIP for the Executive Board. Under this plan, 55% of the performance-related overall bonus is invested for the Executive Board in the form of a virtual investment in company shares as a long-term LTI component (hereinafter stock awards). The stock awards are sold four fiscal years after the base year and the sale proceeds fall due for payment two weeks after the adoption of the audited consolidated financial statements for the target year. The vesting period and the maximum term of the LTIP are 14 months and 5 years, respectively. Between the date of the virtual investment and the virtual sale, distributed dividends are in each case treated as if they had been reinvested in stock awards at the distribution date.

If an Executive Board member's employment contract is effectively terminated ahead of time, all stock awards granted for the last twelve months prior to termination expire. If an employment contract is terminated during the year, the stock awards allocated for the penultimate base year expire on a pro rata basis to the extent that the employment contract terminates before the end of the current fiscal year.

In fiscal year 2022, a total of €454 thousand was converted into 9,379 virtual shares for the Executive Board, of which €340 thousand was converted into 7,034 virtual shares for the stock program starting on January 1 and €114 thousand into 2,345 virtual shares for the stock program starting on September 1.

The stock awards are accounted for as a cash-settled plan in accordance with IFRS 2. The fair value of the virtual shares was determined using a Monte Carlo simulation with the following inputs as of December 31, 2022:

	31.12.2022
JOST share price	€52.60
Expected volatility, JOST	36.03%
JOST dividend yield	3.35%
Risk-free interest rate	2.50%
Fair value	**€478 thousand**

The average of the share prices at the beginning and end of the reference period, dividends within the total shareholder return approach and the cap on total remuneration were taken into consideration in the Monte Carlo simulation.

As of December 31, 2022, there were 9,379 virtual shares with a provision accrued up to that date in the amount of €152 thousand outstanding. The expense recognized in the fiscal year amounts to €152 thousand. No virtual shares expired in the period under review, nor were any exercised or vested because the earliest exercise date of the LTIP is not until the end of the fourth year. No stock appreciation rights were granted in prior years and none of the stock appreciation rights vested on December 31, 2022.

Other personnel-related provisions

Other provisions for personnel expenses mainly comprise costs for jubilee benefits as well as salary bonus payments. The average duration of the jubilee benefits obligation is 15 years. Salary bonus payments depend on the final approval of the management. With the exception of anniversary bonuses, other personnel-related provisions are due within one year.

Other costs

Above and beyond specific circumstances arising from warranty claims, JOST is involved in other legal disputes in and out of court arising from the group's general business activities. The outcome of these disputes cannot be predicted with certainty (2022: €1,128 thousand; 2021: €893 thousand). In such cases, provisions are recognized to the extent utilization of the provision is probable and the anticipated amount of the necessary provision can be estimated reliably. Because this process is based on assumptions, the recognition and measurement of provisions are associated with a degree of uncertainty. Provisions for legal disputes were reversed in the amount of €128 thousand (2021: €114 thousand), as they are no longer expected to be utilized. There are also provisions for costs relating to suppliers, among other things, which were recognized in the amount of €1,435 thousand as of December 31, 2022 (2021: €1,843 thousand). The provision amounts are reviewed regularly and adjusted as necessary. Utilization of the provisions is expected in the short- to medium term.

22. Financial liabilities

The following overview shows the maturity of financial liabilities and derivative financial instruments as of December 31, 2022. The undiscounted contractual cash outflows are presented:

in € thousands	Up to 1 year	More than 1 and up to 5 years	More than 5 years	**Total**	Carrying amount
Financial liabilities	224,946	259,276	39,644	523,865	479,172
Derivatives	1,607	0	0	1,607	1,607
Total	**226,553**	**259,276**	**39,644**	**525,473**	**480,779**

The following table shows the fixed and expected cash outflows as of December 31, 2022, broken down by time of occurrence:

2022

in € thousands	Up to 1 year	More than 1 and up to 5 years	More than 5 years	**Total**	Carrying amount
Liabilities to banks	65,247	226,915	16,378	308,539	276,000
thereof: fixed interest	4,938	48,398	0	53,336	47,500
thereof: floating-rate	60,309	178,517	16,378	255,204	228,500
Other liabilities to banks	2,056	0	0	2,056	2,056
Trade payables	137,970	0	0	137,970	137,970
Lease liabilities	11,713	32,361	23,266	67,340	55,186
Other financial liabilities	7,960	0	0	7,960	7,960
Derivatives	1,607	0	0	1,607	1,607
Total	**226,553**	**259,276**	**39,644**	**525,473**	**480,779**

Other liabilities to banks and other financial liabilities are fixed outflows of cash, whereas trade payables and derivatives represent expected outflows of cash. The interest payments on liabilities to banks in a one-to-five-year period amount to €4,398 thousand for fixed-interest promissory notes and an anticipated €14,630 thousand for floating-rate promissory notes, as well as an anticipated €2,387 thousand for the floating-rate loan.

For the year-over-year change in derivatives, please see note 14.

Undiscounted cash outflow as of December 31, 2021:

in € thousands	Up to 1 year	More than 1 and up to 5 years	More than 5 years	Total	Carrying amount
Financial liabilities	228,995	269,373	13,502	511,870	499,786
Derivatives	37	949	0	986	986
Total	**229,032**	**270,322**	**13,502**	**512,856**	**500,772**

The following table shows the fixed and expected cash outflows as of December 31, 2021, broken down by time of occurrence:

2021

in € thousands	Up to 1 year	More than 1 and up to 5 years	More than 5 years	Total	Carrying amount
Liabilities to banks	39,748	243,517	0	283,265	277,000
thereof: fixed interest	679	49,996	0	50,675	49,000
thereof: floating-rate	39,069	193,521	0	232,590	228,000
Other liabilities to banks	2,606	1,834	0	4,440	4,400
Trade payables	163,458	0	0	163,458	163,458
Lease liabilities	10,108	24,022	13,502	47,632	41,853
Other financial liabilities	13,075	0	0	13,075	13,075
Derivatives	37	949	0	986	986
Total	**229,032**	**270,322**	**13,502**	**512,856**	**500,772**

Liabilities to banks have been uncollateralized as of December 31, 2022, as in the previous year.

23. Interest-bearing loans and borrowings

With effect from December 2, 2022, the company issued promissory note loans with a total value of €130,000 thousand that mature in three, five and seven years, respectively, and carry both fixed and variable interest rates. In addition to JOST Werke AG, the guarantors are Jost-Werke International Beteiligungsverwaltung GmbH, Neu-Isenburg, Germany, JOST-Werke Deutschland GmbH, Neu-Isenburg, Germany and Jasione GmbH, Neu-Isenburg, Germany. In January 2023, the promissory note loans were drawn down by €22,000 thousand.

The group uses an interest rate swap to hedge a portion of the loan (€41,000 thousand) against interest rate risk to counter changes in the six-month EURIBOR rate. The cumulative fair value of the interest rate swap is €1,157 thousand.

In order to finance its acquisition of Ålö Holding AB, JOST in December 2019 entered into a new financing arrangement with a consortium of banks for an amount of €120m and over a term of 5 years, which was drawn down on January 31, 2020. This bank loan is subject to compliance with various financial covenants derived from the consolidated financial statements of the ultimate parent company.

In June 2018, the company 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. Of this amount, €94,000 thousand of the loan will be repaid in the current fiscal year and €18,000 thousand will be converted into tranches of the new promissory note loan. In addition to the promissory note loans, there is a revolving credit facility of €150m. The obligation to the lenders to comply with financial covenants only applies if the revolving credit facility is utilized.

Details regarding the maturities of the promissory note loans are shown in the table below.

Four of the current promissory note loans are also subject to variable interest rates. The group hedges a portion of the interest rate risk with interest swaps. For further details see note 25.

Effective April 30, 2018, Jost Otomotiv Sanayi Ticaret A.S., Izmir, Turkey, took out a loan of €1,300 thousand with a term of 5 years. This loan serves to finance machinery and working capital. In September 2020, JOST-Werke Deutschland GmbH, Neu-Isenburg, Germany, took out a loan of €6,580 thousand with a term of 4 years, which is also listed under Other.

The following table shows the interest-bearing loans and borrowings as of December 31, 2022:

in € thousands		31.12.2022	31.12.2021
Promissory note loans	3 years, fixed	4,000	0
	3 years, variable	15,500	0
	5 years, fixed	23,500	29,000
	5 years, variable	53,500	86,500
	7 years, fixed	20,000	20,000
	7 years, variable	29,500	14,500
		146,000	**150,000**
Loan	5 years, variable	90,000	102,000
Revolving credit facility		40,000	25,000
Other		2,056	4,400
Interest bearing loans		**278,056**	**281,400**
Accrued financing costs		–490	–311
Total		**277,566**	**281,089**

The group drew €40m from the available revolving facility as of December 31, 2022 (December 31, 2021: €25m). Interest payments were made in the total amount of €5,076 thousand in fiscal year 2022 (2021: €4,432 thousand). Loan repayments of €12,000 thousand (2021: €12,000 thousand) have been made for the loan to finance the acquisition of Ålö Holding AB. The group made principal payments of 306 thousand (2021: €306 thousand) and interest payments of €14 thousand (2021: €26 thousand) for the loan of Jost Otomotiv Sanayi Ticaret A.S., Izmir, Turkey. The group made principal payments of €1,880 thousand (2021: €2,554 thousand) and interest payments of €29.9 thousand (2021: €45 thousand) for the loan of JOST Werke Deutschland GmbH, Neu-Isenburg, Germany.

The revolving credit facility has a short-term maturity and is reported has to be shown under current liabilities. It carries a variable interest rate depending on the EURIBOR and the group-wide leverage of JOST. A loan of €85,000 thousand was taken out in the fiscal year for the revolving credit facility and €70,000 thousand was repaid.

To the extent that they can be accrued, in accordance with the effective interest method the costs incurred under the financing agreement dated June 29, 2018 are spread until mid-2025, those incurred under the additional financing agreement dated December 19, 2019, are spread until the end of 2024, and those incurred under the new financing arrangement dated December 2, 2022 are spread until the end of 2029.

24. Trade payables

Trade payables recognized at the reporting date are non-interest bearing. As of the end of the year, trade payables amount to €137,970 thousand (2021: €163,458 thousand).

25. Other financial liabilities

Other financial liabilities as of the reporting date include lease liabilities in the amount of €55,186 thousand (2021: €41,853 thousand). The increase in lease liabilities is due in particular to the lease agreement for the new GLC (Global Logistics Center) in Erfurt and the lease agreements concluded for the future new production site in Chennai. This present value of future lease payments is based on the maturities shown in note 22.

In July 2021, the group started applying hedge accounting in accordance with IFRS 9, insofar as the criteria for such designation are met. The entity Ålö AB, Umeå, Sweden, hedges exchange rate risks arising from its operating business. OTC FX instruments are used to hedge the exchange rate risk of the Swedish krona against the Norwegian krone, the Danish krone, the US dollar, the British pound, the Chinese yuan and the Canadian dollar. The nominal amount of the hedges as of December 31 2022 is SEK 91,250 thousand (2021: SEK 167,410 thousand). Since the contracts expire on January 31, 2022, an amount of SEK 8,355 thousand was reclassified to profit or loss from the gains or losses from hedge accounting recognized in other comprehensive income in the statement of comprehensive income.

Contingent consideration

Depending on the absolute amount of Ålö Holding AB's gross margin in fiscal year 2020, the group is obliged to pay the former owners of Ålö Holding AB up to €25m.

The group's potential payment obligations under this agreement are between €1m and €25m if this company's gross margin exceeds a certain figure.

Based on the assessment at the acquisition date, a value of €10,480 thousand was recognized for the contingent consideration as part of the purchase price allocation. As of December 31, 2020, the contingent consideration was determined on the basis of the provisionally calculated gross margin and adjusted to a fair value of €10,200 thousand. An amount of €2,750 thousand of the contingent purchase price liability arising from the acquisition of the Ålö Group was repaid in the 2022 fiscal year (2021: €0 thousand). The remaining balance due is €7,450 thousand (December 31, 2021: €10,200 thousand). The amount of the consideration depends on the outcome of arbitration proceedings.

Other current financial liabilities also include overpayment from customers in the amount of €160 thousand (2021: €655 thousand).

26. Contract balances

in € thousands	**31.12.2022**	31.12.2021
Contract assets	0	0
Contract liabilities	7,367	6,067

There were no contract assets in 2022 or 2021. Accordingly, nor was any related impairment recognized for expected losses.

The group's contract liabilities result from prepayments received in the amount of €1,881 thousand (2021: €346 thousand) and obligations from sales transactions (particularly discounts) in the amount of €5,486 thousand (2021: €5,721 thousand). The contract liabilities recognized in the previous year as of December 31, 2021, resulted in sales revenues in the amount of €346 thousand in the 2022 fiscal year (2021: €110 thousand). No material sales revenues were generated during the year under review from performance obligations which were fulfilled (or fulfilled in part) in earlier periods.

27. Other liabilities

Other liabilities amount to €43,127 thousand (2021: €40,925 thousand). They primarily include €25,130 thousand in employee benefits (2021: €24,764 thousand) and €1,468 thousand in other liabilities from social insurance contributions (2021: €1,451 thousand). Furthermore, other liabilities include VAT liabilities in the amount of €6,838 thousand (2021: €4,869 thousand) and wage taxes in the amount of €1,352 thousand (2021: €1,109 thousand).

28. Other financial obligations

Within the scope of the first-time application of IFRS 16 Leases in the previous year, from January 1, 2019, most of the operating lease obligations and corresponding lease agreements for material assets are separately reported under the other financial liabilities (see notes 6.15 and 25).

The group's other financial obligations in the year under review include, in particular, financial obligations as well as warranty commitments and contingent liabilities of €17,786 thousand (2021: €17,430 thousand) associated with obligations under license and maintenance agreements. Contingent liabilities amount to €820 thousand (2021: €0 thousand), particularly for an ongoing legal dispute. The outcome and timing of the proceedings cannot be fully estimated at the present time. There are also other financial obligations from purchase commitments for property, plant and equipment amounting to €1,612 thousand (2021: €463 thousand).

Due to the non-applicability of IFRS 16 to all of the agreements and the exercise of options, in 2022 the company continued to recognize rental and lease expenses in the amount of €4,646 thousand (2021: €5,386 thousand).

In the coming years, the group expects the following minimum lease payments from non-cancellable rental and lease agreements not recognized in accordance with IFRS 16.

in € thousands	Up to 1 year	More than 1 and up to 5 years	More than 5 years	**Total**
2022	3,343	1,101	4	4,448
2021	2,574	2,031	4	4,609

29. Sales revenues

Sales revenue mainly results from the sale of products.

Almost all of the consolidated sales revenues are recognized at a point of time and are as follows, broken down by sales origin:

in € thousands	**2022**	2021
Europe	695,516	620,556
North America	396,339	258,956
APA	172,751	171,419
Total	**1,264,606**	**1,050,931**

The increase in sales revenues is mainly driven by price increases precipitated by higher raw material costs, due in some cases to currency effects. The Europe and North America regions made the largest contribution to the increase in sales. Sales revenues in the APA region are also higher than in the previous year, despite a declining Chinese market.

The breakdown of sales revenues by business unit is as follows:

in € thousands	**2022**	2021
Transport	936,926	787,746
Agriculture	327,680	263,185
Total	**1,264,606**	**1,050,931**

In 2022, as in the previous year, more than half of the sales revenues in the Transport business was generated in Europe, with the remainder distributed between North America at around 30% and Asia, Pacific, Australia at around 17%. In the Agriculture business, approximately three quarters of sales revenues were generated in Europe (71% in the previous year) and one quarter in North America (28% in the previous year), while still no significant external sales revenues are generated in Asia, Pacific, Australia.

Sales revenues include sales revenues of €346 thousand (2021: €110 thousand), which as of December 31, 2022, were shown as contract liabilities.

30. Cost of sales

Cost of sales mainly comprise the following: Cost of materials of €–678,035 thousand (2021: €–538,426 thousand), personnel expenses of €–100,866 thousand (2021: €–86,212 thousand), incidental production costs of €–28,802 thousand (2021: €–21,701 thousand), freight costs of €–37,984 thousand (2021: €–31,654 thousand), depreciation of property, plant and equipment of €–14,076 thousand (2021: €–13,478 thousand), depreciation of right-of-use assets from leases of €–6,404 thousand (2021: €–5,902 thousand), maintenance expenses of €–7,980 thousand (2021: €–7,770 thousand), write-ups/write-down of inventories of €–215 thousand (2021: €981 thousand) and the use of and rental expenses of €–911 thousand (2021: €–889 thousand).

31. Selling expenses

Selling expenses mainly comprise the following: Personnel expenses of €–47,037 thousand (2021: €–44,326 thousand), outbound freight of €–59,920 thousand (2021: €–45,981 thousand), depreciation of property, plant and equipment of €–797 thousand (2021: €–1,012 thousand), amortization of intangible assets of €–24,393 thousand (2021: €–24,466 thousand) and depreciation of right-of-use assets under leases of €–3,826 thousand (2021: €–2,844 thousand) as well as rental expenses of €–1,416 thousand (2021: €–3,116 thousand).

32. Research and development expenses

Research and development expenses mainly comprise personnel expenses in the amount of €–12,044 thousand (2021: €–11,885 thousand) and amortization of intangible assets of €–4,295 thousand (2021: €–4,460 thousand).

33. Administrative expenses

Administrative expenses mainly comprise the following: Personnel expenses of €–35,535 thousand (2021: €–30,915 thousand), purchased services of €–12,621 thousand (2021: €–11,619 thousand), insurance of €–2,069 thousand (2021: €–2,225 thousand), depreciation of property, plant and equipment of €–1,246 thousand (2021: €–1,321 thousand), depreciation of rights of use under leases of €–1,085 thousand (2021: €–1,071 thousand), amortization of intangible assets of €–1,396 thousand (2021: €–1,366 thousand) and rental expenses of €–2,319 thousand (2021: €–1,381 thousand).

34. Other income / other expenses

As of the end of the year, other income amounted to €23,079 thousand (2021: €11,022 thousand) and other expenses to €–33,369 thousand (2021: €–13,045 thousand).

In 2022 and 2021, other income mainly compromised currency gains, reversals of provisions, insurance income and government grants totaling €16,669 thousand (2021: €6,372 thousand). The government grants of €1,239 thousand (2021: €669 thousand) are mainly grants to cover expenses that are realized and recognized as a gross amount at the time the grant is made, i.e., they are not netted against the corresponding expenses; there are no material repayment risks. Other expenses mainly compromise currency losses in the amount of €–26,062 thousand (2021: €–9,390 thousand) and taxes not relevant for income tax in the amount of €–1,299 thousand (2021: €–1,328 thousand).

35. Share of profit or loss of equity method investments

The share of profit or loss of equity method investments (2022: €8,882 thousand; 2021: €5,807 thousand) relates to JOST Brasil Sistemas Automotivos Ltda.

36. Financial reporting in hyperinflationary economies

As of December 31, 2022, IAS 29 Reporting in Hyperinflationary Economies was applied for the first time to the single-entity financial statements of the Turkish subsidiary.

The effects of restating non-monetary items to reflect purchasing power led to a loss of €–375 thousand and were recognized in the consolidated financial statements under the item gain/loss on the net monetary position in accordance with IAS 29. This reflects the remeasurement of the existing monetary asset in Turkish lira as a result of inflation.

When consolidating the Turkish subsidiary into the group's reporting currency, the euro, the effects of compensating for inflation on items of equity are recognized together with other effects of currency translation in other comprehensive income in the consolidated statement of comprehensive income. The gain in purchasing power recognized in profit or loss at the level of the single-entity financial statements of Jost Otomotiv Sanayi Ticaret A.S. is therefore set against currency translation effects recognized in consolidated equity. As of December 31, 2022, consolidated equity increased by €1,082 thousand overall due mainly to the restatement of the non-monetary assets at the subsidiary.

37. Financial income

Financial income is composed of the following items:

in € thousands	**2022**	2021
Interest income	980	415
Realized currency gains	1,069	110
Unrealized currency gains	6,597	6,376
Result from measurement of derivatives	986	1,441
Other financial income	900	41
Total	**10,532**	**8,383**

38. Financial expense

Financial expense is composed of the following items:

in € thousands	**2022**	2021
Interest expenses	–7,782	–7,711
Realized currency losses	–419	–311
Unrealized currency losses	–10,451	–6,491
Result from measurement of derivatives	0	0
Other financial expenses	–154	–63
Total	**–18,806**	**–14,576**

Interest expense from financial liabilities measured using the effective interest method amounted to €0.2m (2021: €0.1m).

39. Employee benefit expenses

Employee benefit expenses are composed of the following items:

in € thousands	**2022**	2021
Employee benefit expenses	–171,218	–153,174
Social security contributions[1]	–24,022	–19,964
Pension expenses	–242	–200
Total	**–195,482**	**–173,338**

[1] The company incurred expenses for employer contributions to the statutory pension insurance system in the amount of €3,641 thousand in fiscal year 2022 (2021: €3,474 thousand).

40. Depreciation, amortization, impairment and reversal of impairment

Depreciation, amortization, and impairment losses for fiscal year 2022 are recognized in the following line items in the income statement:

2022

in € thousands	Depreciation/ impairment of property, plant and equipment	Amortization/ impairment of intangible assets
Cost of Sales	–20,480	–104
Selling expenses	–4,623	–24,393
thereof: depreciation and amortization from PPA[1]	–278	–24,342
Research and development expenses	–307	–4,295
thereof: depreciation and amortization from PPA[1]	0	–2,658
Administrative expenses	–2,331	–1,396
Total	**–27,741**	**–30,188**

[1] PPA: Purchase price allocation

The decline in depreciation and impairment of property, plant and equipment in the reporting period is mainly the result of impairment losses on property, plant and equipment amounting to €6,194 thousand that were included in cost of sales in the previous year. Amortization and impairment of intangible assets showed a year-over-year decrease due to impairment losses on intangible assets of €4,706 thousand that were included in selling expenses in the previous year.

Depreciation, amortization, and impairment losses for 2021 are recognized in the following line items in the income statement:

2021

in € thousands	Depreciation/ impairment of property, plant and equipment	Amortization/ impairment of intangible assets
Cost of Sales	–25,574	–98
Selling expenses	–3,856	–29,172
thereof: depreciation and amortization from PPA[1]	–552	–24,414
Research and development expenses	–297	–4,460
thereof: depreciation and amortization from PPA[1]	0	–2,784
Administrative expenses	–2,392	–1,366
Total	**–32,119**	**–35,096**

[1] PPA: Purchase price allocation

41. Income taxes

Taxes on income reported in the consolidated financial statements comprise domestic corporate income and trade income tax as well as the comparable foreign taxes. They are calculated using the tax regulations governing the individual companies. The total amount of €–20,247 thousand (2021: €–3,883 thousand) includes deferred tax income from the origination and reversal of temporary differences of €3,706 thousand (2021: €14,626 thousand), deferred tax expenses from the recognition of tax exempt grants of €1,439 thousand (2021: tax expense of €–66 thousand), deferred tax expense from loss carryforwards of €–415 thousand (2021: tax expense of €–928 thousand) and current tax expenses on profit for the fiscal year at an amount of €–24,977 thousand (2021: €–17,515 thousand).

In fiscal year 2022, the group made income tax payments of €24,615 thousand (2021: €17,315 thousand).

42. Earnings per share

The number of shares remained unchanged at 14,900,000 as of December 31, 2022.

The diluted earnings per share (in €) correspond to basic earnings per share.

Earnings per share

	2022	2021
Profit/loss after taxes (in € thousands)	59,846	43,864
Weighted average number of shares	14,900,000	14,900,000
Basic and diluted earnings per share (in €)	**4.02**	**2.94**

43. Number of employees

The number of employees broken down by functional area was as follows in the reporting period:

Average number of employees

	2022	2021
Production	2,381	2,220
Sales	674	624
Research and development	152	147
Administration	309	333
Total	**3,516**	**3,324**

For details on personnel expenses see notes 30 to 33.

44. Cash flow statement

The other noncash income and expenses mainly comprise unrealized currency gains and losses, interest expense and the service cost within the scope of the pension obligations as well as the expense and income resulting from the investment accounted for using the equity method.

The change in cash and cash equivalents included in the cash flow statement in 2022 consists of an amount of €5,539 thousand that is subject to regulatory restrictions and is therefore not available for general use by other group companies.

The cash inflow from the sale of subsidiaries shown in the cash flow statement in 2021 amounts to €7,965 thousand.

The refinancing gave rise to cash inflows of €90,000 thousand and repayments of €94,000 thousand that were presented in the cash flow statement. Repayments of €12,000 thousand were also made to finance the acquisition of Ålö Holding AB. See note 23.

Net debt is as follows:

in € thousands	**31.12.2022**	31.12.2021
Cash and cash equivalents	80,681	87,482
Interest-bearing loans and borrowings, repayable within one year	–57,862	–26,897
Interest-bearing loans and borrowings, repayable after one year[1]	–219,704	–254,192
Net debt	**–196,885**	**–193,607**
Cash and cash equivalents	80,681	87,482
Gross debt – at fixed interest rates[1]	–49,457	–53,363
Gross debt – at variable interest rates[1]	–228,109	–227,727
Net debt	**–196,885**	**–193,607**

[1] including finance costs

The change in liabilities from financing activities, financial assets and retained earnings whose cash flows are attributable to financing activities is as follows:

in € thousands	Cash and cash equivalents	Short-term interest-bearing loans and borrowings[1]	Long-term interest-bearing loans and borrowings[1]	Accrued finance costs	Lease liabilities	Retained earnings	Total
Balance at 01.01.2021	**108,315**	**47,187**	**268,688**	**–450**	**35,571**	**–159,154**	**300,157**
Restatements due to changes in accounting standard	0	0	0	0		0	0
Changes from financing cash flows	–22,842	–19,615	–14,860	0	–9,706	–14,900	–81,923
Change arising from obtaining or losing control of subsidiaries or other businesses	–2,293	0	0	0	–722	0	–3,015
Acquisitions – Leases	0	0	0	0	14,652	0	14,652
Effect of changes in foreign exchange rates	4,302	0	0	0	–6	0	4,296
Other changes	0	–675	675	139	2,064	66,774	68,977
Balance at 31.12.2021	**87,482**	**26,897**	**254,503**	**–311**	**41,853**	**–107,280**	**303,144**
Changes from financing cash flows	–6,022	12,656	–16,000	0	–10,490	–15,645	–35,501
Change arising from obtaining or losing control of subsidiaries or other businesses	0	0	0	0	0	0	0
Acquisitions – Leases	0	0	0	0	24,168	0	24,168
Effect of changes in foreign exchange rates	–779	0	0	0	1,089	0	310
Other changes	0	18,309	–18,309	–179	–1,434	88,690	87,077
Balance at 31.12.2022	**80,681**	**57,862**	**220,194**	**–490**	**55,186**	**–34,235**	**379,198**

[1] Gross presentation without taking into account finance costs

45. Related party disclosures

IAS 24 defines related parties as those persons and companies that have control or a significant influence over the reporting entity or that hold a key position in the management of the reporting entity or a parent company of a reporting entity.

The structure of and changes to the JOST Werke Group as of December 31, 2022, including its subsidiaries and the joint venture, compared to December 31, 2021, are presented in note 4.

The ownership structure of JOST Werke AG has changed as follows since December 31, 2021: As of December 31, 2022, Allianz Global Investors GmbH (Frankfurt, Germany) was the largest shareholder of JOST Werke AG, holding 20.11% of the shares carrying voting rights. Of this amount, Allianz SE (Munich, Germany) was allocated 11.4% of the voting rights of JOST Werke AG. Allianz Global Investors GmbH makes all decisions relating to the exercise of the voting rights in JOST Werke AG attributed to Allianz SE independently of Allianz SE. As a result, Allianz SE's voting rights are included in the voting rights allocated to Allianz Global Investors GmbH. Kai Möhrle and the company he controls, 34. PMB Management GmbH, hold 15.03% of the voting rights in JOST Werke AG. There are no other shareholder holding more than 10% of the company's share capital. According to notifications submitted pursuant to the Wertpapierhandelsgesetz (German Securities Trading Act – WpHG), FMR LLC (USA) held 7.44% and Universal-Investment-GmbH (Germany) 5.05% of the share capital.

The Executive Board comprises the following members, who are all related parties within the meaning of IAS 24. The following also includes their posts on other supervisory/control bodies:

Joachim Dürr, Diplom-Ingenieur, Dachau
Chairman of the Executive Board
Chief Executive Officer
- No posts on supervisory/control bodies

Dr.-Ing. Ralf Eichler, Diplom-Ingenieur, Dreieich
Chief Operating Officer (until 31 October 2022)
- No posts on supervisory/control bodies

Dirk Hanenberg, Diplom-Ingenieur (FH), Ravensburg
Chief Operating Officer (from 1 September 2022)
- No posts on supervisory/control bodies

Dr. Christian Terlinde, Diplom-Kaufmann, Dinslaken
Chief Financial Officer
- No posts on supervisory/control bodies

Dr. Ralf Eichler (the former COO) asked the company's Supervisory Board not to renew his Executive Board contract and resigned his Executive Board position at his own request effective 31 October 2022. The Supervisory Board appointed Mr. Dirk Hanenberg to the Executive Board as his successor on September 1, 2022. Mr. Hanenberg as COO is responsible for Quality, Logistics, Purchasing and Production.

Since January 1, 2022 and September 1, 2022, a new director's contract has applied to two members of the Executive Board, which are based on the remuneration system adopted by the 2021 General Meeting. The fair values of the tranches of the relevant LTIP as of December 31, 2022 are €288 thousand for the program running from January 1, 2022 and €96 thousand for the program starting on September 1, 2022. See note 21.

The total benefits of the Executive Board members in accordance with HGB amounted to €4,116 thousand in the reporting period (2021: €3,169 thousand). These figures include continued salary payments for the fiscal year following the expiry of one Executive Board member's board contract with a total value of €86 thousand plus fringe benefits of €1 thousand. The pension obligations for former members of the Executive Board ("defined benefit obligation under IFRS") amount to €4,188 thousand (2021: €5,521 thousand).

Total remuneration for active members of the Executive Board in accordance with IFRS amounts to €4,202 thousand in the reporting period (2021: €3,631 thousand). It comprises short-term benefits of €3,167 thousand (2021: €2,604 thousand), other long-term benefits of €884 thousand (2021: €1,027 thousand) and share-based payment of €151 thousand (2021: €0 thousand).

The overall remuneration consists of fixed, non-performance-related and variable, performance-related components. The fixed remuneration comprises the fixed annual salary as well as fringe benefits. The former is paid on a monthly basis. Fringe benefits include a company car, enrollment in an accident insurance policy and a contribution to the Executive Board member's health and nursing insurance. Executive Board members also have the option for each full fiscal year of utilizing 20% of their annual salary for a private pension scheme, by converting salary entitlements into pension entitlements.

The variable, performance-related remuneration consists of a one-year component and a multi-year component based on the group's adjusted EBITDA. The adjusted EBITDA target to be achieved is set annually by the Supervisory Board. The members of the Executive Board as an overall bonus receive between 0.4% and 0.6% of the adjusted EBITDA actually achieved.

If adjusted EBITDA in any given fiscal year does not amount to at least 80% of the target set by the Supervisory Board, Executive Board members are not entitled to variable remuneration. 45% of the performance-related component is paid out within one year, while 55% is converted into the multi-year component. The multi-year component is only paid out if adjusted group EBITDA in the following fiscal year or three years later matches or exceeds adjusted EBITDA in the assessment period. Since the period under review, the remuneration system for two Executive Board members has been linked to the share price trend, as described in note 21.

Provisions and liabilities for remuneration of active members of the Executive Board amounted to €2,693 thousand (2021: €2,730 thousand), while those for remuneration of former Executive Board members amounted to €911 thousand (2021: €0 thousand).

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

Dr. Stefan Sommer (Chair) (from 5 May 2022)
Occupation: Consultant
- Chairman of the advisory board of Intech GmbH, Garching, Germany
- Member of the supervisory board, Knorr-Bremse AG Munich, Germany
- Member of the presidential board of DEKRA e.V., Germany

Manfred Wennemer (Chair) (until 5 May 2022)
Occupation: Managing Director of Board Advisors GmbH, Bensheim, Germany
- 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, Plastic Omnium S.A., Paris, France
- Member of the supervisory board, AEye Inc., Dublin/California, USA
- Member of the supervisory board, Benteler International AG, Salzburg, Austria

Natalie Hayday
Occupation: Managing Director of 7Square GmbH, Frankfurt am Main, Germany
- Member of the advisory board, SALUX Real Estate GmbH, Frankfurt am Main, Germany
- Member of the supervisory board, Novem Group S.A., Contern, Luxembourg

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, OMH Optimal Marime Holding, Limassol, Cyprus
- Member of the advisory board, Baiersbronn Frischfaser Karton Holding GmbH, Baiersbronn, Germany (not listed)
  [Stepped down as Managing Director in September 2022, now only advisory board member]
- Member of the board of directors, MFD Rail Holding AG, Rotkreuz, Switzerland

Klaus Sulzbach
Occupation: Auditor/Managing Partner, KSWP Consulting, Kronberg, Germany
- No other posts on supervisory/control bodies

Regular Supervisory Board elections were held at the General Meeting of JOST Werke AG on May 5, 2022. After Mr. Manfred Wennemer did not run for reelection after his term of office had expired, Dr. Stefan Sommer was elected to the Supervisory Board effective from the end of the General Meeting alongside the other existing members. The Supervisory Board elected him as its Chairman on the same day.

The Supervisory Board received remuneration of €505 thousand in the 2022 fiscal year (2021: €505 thousand). The members of the Supervisory Board receive annual fixed remuneration of €50 thousand, payable after the end of the fiscal year. The Chair of the Supervisory Board receives three times the fixed remuneration and their Deputy receives one and a half times that amount. For service on a committee, the Chair of the committee receives an additional €20 thousand and every other member of the committee an additional €10 thousand. Supervisory Board members who only have a seat on the Supervisory Board or serve as Chair for part of a fiscal year receive appropriate pro-rated compensation. Furthermore, the company reimburses Supervisory Board members the expenses incurred in performing their duties.

These are exclusively short-term benefits, of which €505 thousand is still outstanding as of December 31, 2022.

No consulting services provided by members of the Supervisory Board were billed for fiscal year 2022 (2021: €0 thousand).

Related party transactions as of December 31, 2022

in € thousands	Proceeds from sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
JOST Brasil Sistemas Automotivos Ltda., Caxias do Sul/Brazil	1,416	852	680	227

The receivables and payables relate to trade of goods and services with JOST Brasil Sistemas Automotivos Ltda. Transactions with the company are conducted at arm's length and are due exclusively short-term.

Related party transactions as of December 31, 2021

in € thousands	Proceeds from sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
JOST Brasil Sistemas Automotivos Ltda., Caxias do Sul/Brazil	1,896	751	1,337	256

For further details regarding dividends from JOST Brasil Sistemas Automotivos Ltda. see note 11.

As in the previous year, no services were received from companies that have a significant influence over JOST Werke AG is. There are liabilities of €0 thousand (2021: €2 thousand).

46. Financial risk management

As an internationally operating group, JOST Werke AG is exposed to a variety of risks. Management is aware of both the risks and the opportunities and deploys suitable measures to manage them so as to be able to react quickly to changes in the competitive environment and the general market environment.

The group has identified market risk, credit risk, and liquidity risk as material risks.

Financial risk factors

Market risk / exchange rate risk

Certain of the group's transactions are denominated in foreign currencies, exposing the group to the risk of changes in exchange rates. As in previous years the group does not in general hedge this risk. To mitigate the risk of exchange rate movements, the subsidiaries conduct their operating business largely in their local currency. The company also continuously reviews the exchange rate exposures in the various currencies.

Further balance sheet items where fx changes could have a significant influence are trade receivables as well as payables. A 5% change in the year-end rate of all fx rates against the euro, with all other parameters remaining constant, will change trade receivables by €6,850 thousand and trade payables by €5,958 thousand. In addition, currency effects apply due to internal group loan receivables and liabilities.

Due to exchange rate fluctuations, in fiscal year 2022 currency losses from internal group loan receivables and liabilities were reported in the total amount of €3,204 thousand (2021: €316 thousand in currency losses) as well as currency losses from trade receivables and trade payables in the total amount of €9,393 thousand (2021: €3,018 thousand in currency losses). The group transacts a significant portion of its sales revenues in euros. Subsidiaries in non-eurozone countries mainly invoice in their local currency and also procure their supplies on the local market to the extent possible, with the result that exchange rate risk from operating activities in the group is low. A portion of the risk from exchange rate fluctuations of the Swedish krona against the euro has been hedged by way of derivatives since the acquisition of the Ålö Group in 2020. For this purpose, the group entered into 23 derivatives in November 2020 to hedge the risk from exchange rate fluctuations of the Swedish krona against the euro.

The following table shows the change in currency derivatives:

Type	Maturity	Nominal amount in foreign currency at 31.12.2022	Fair value at 31.12.2021 in € thousands	Change in fair value in € thousands	Fair value at 31.12.2022 in € thousands
FX Forwards	30.12.2025	285,000 TSEK	–188	1,415	1,227
Cross Currency SWAPs	30.12.2025	250,000 TSEK	–18	1,532	1,514
Total			**–206**	**2,947**	**2,741**

In July 2021, the group started applying hedge accounting in accordance with IFRS 9, insofar as the criteria for such designation are met. The entity Ålö AB, Umeå, Sweden, hedges exchange rate risks arising from its operating business. This serves to minimize fluctuations in income and expenses as well as in the cash flows of the Swedish company arising from exchange rate volatility. Hedging takes place on both the purchasing and the sales side. The aim is to hedge 60–80% of forecast material future cash payments and receipts within the next three months, around 40–60% of cash payments and receipts due in four to six months, and up to 40% of cash payments and receipts for the seventh to twelfth months. The hedged cash receipts correspond to the company's forecast sales transactions with a high probability of occurrence, as the company is exposed to an exchange rate risk due to invoicing in foreign currencies. Depending on the suppliers, the company is also exposed to exchange rate risks on the purchasing side arising from forecast future transactions with suppliers for which there is a high probability of occurrence. Forward exchange contracts (OTC FX instruments) are used to hedge the exchange rate risk of the Swedish krona against the Norwegian krone, the Danish krone, the US dollar, the British pound and the Canadian dollar. Since the Swedish krona is the functional currency of Ålö AB, the forward transactions are entered into against the Swedish krona. The effectiveness of the hedge is reviewed separately for each currency relationship at least once per year as of the reporting date. As of December 31, 2022, the existing hedges are completely effective. The prospective assessment of the effectiveness of a hedge is based on the matching of currencies, nominal amounts, and the maturity of the financial instrument and the hedged item. A hedge is highly effective if the above-mentioned criteria correspond. If this is not the case, the effectiveness will be reviewed in a retrospective analysis by looking at changes in the value of the hedged item and the hedging instrument over the period. If the ratio is between 80% and 125%, the hedge is deemed to be completely effective.

The following table shows the change in the fair value of the forward exchange contracts reported under miscellaneous other reserves in the statement of comprehensive income.

	Type	Maturity	Nominal amount in foreign currency at 31.12.2022	Fair value at 31.12.2021 in € thousands	Change in fair value in € thousands	Fair value at 31.12.2022 in € thousands
	OTC FX Forwards-GBP	31.01.–30.06.2023	7,960 TGBP	–100	63	–37
	OTC FX Forwards-DKK	31.01.–30.06.2023	18,000 TDKK	–8	–20	–28
	OTC FX Forwards-USD	31.01.–29.09.2023	66,600 TUSD	–580	–200	–780
	OTC FX Forwards-NOK	31.01.–30.06.2023	115,000 TNOK	–124	84	–40
	OTC FX Forwards-CNH	31.01.–28.09.2023	750,164 TCNH	0	296	296
	OTC FX Forwards-EUR	31.01.–29.09.2023	35,760 TEUR	0	–324	–324
	OTC FX Forwards-CAD	30.06.–28.04.2023	9,205 TCAD	–19	0	–19
Total				**–832**	**–101**	**–933**

An amount of €786 thousand has been reclassified from miscellaneous other reserves as of December 31, 2022.

The following table shows the weighted average exercise rate for outstanding hedging instruments:

Type	Weighted average exercise price
OTC FX Forwards–SEK/GBP	12.323
OTC FX Forwards–SEK/DKK	1.424
OTC FX Forwards–SEK/USD	9.671
OTC FX Forwards–SEK/NOK	1.041
OTC FX Forwards–SEK/CNH	0.680
OTC FX Forwards–SEK/EUR	10.664
OTC FX Forwards–SEK/CAD	7.370

The exchange rates of the major currencies developed as follows:

Exchange rate €1 =	ISO CODE	Closing rate 31.12.2022	Closing rate 31.12.2021	Average rate for the year 2022	Average rate for the year 2021	Net gain sensitivity € thousands	Equity sensitivity € thousands
Australia	AUD	1.57	1.56	1.52	1.57	–344.20	–911.78
Brazil	BRL	5.64	6.31	5.44	6.38	–327.90	–725.40
China	CNY	7.36	7.19	7.08	7.63	–458.90	–2,199.06
Great Britain	GBP	0.89	0.84	0.85	0.86	–158.87	–162.89
Hungary	HUF	1.00	369.19	1.00	358.52	0.00	0.00
India	INR	88.17	84.23	82.69	87.44	–173.13	–645.25
Japan	JPY	140.66	130.38	138.03	129.88	–11.91	–31.71
Canada	CAD	1.44	1.44	1.37	1.48	–25.31	–167.92
New Zealand	NZD	1.68	1.66	1.66	1.67	–32.45	–46.69
Norway	NOK	10.51	9.99	10.10	10.16	–19.20	–41.58
Poland	PLN	4.68	4.60	4.69	4.57	–296.20	–808.40
Russia	RUB	78.05	85.30	73.87	87.15	–53.17	–309.93
Sweden	SEK	11.12	10.25	10.63	10.15	–936.78	–10,329.70
Singapore	SGD	1.43	1.53	1.45	1.59	–172.86	–257.18
Thailand	THB	36.84	37.65	36.86	37.84	–3.12	–3.75
Turkey	TRY	19.96	15.23	17.41	10.51	–63.31	–83.47
United States	USD	1.07	1.13	1.05	1.18	–1,540.41	–3,974.71
South Africa	ZAR	18.10	18.06	17.21	17.48	–491.11	–730.22

The table above shows the influence on net profit and equity caused by an fx rate change of 5% (depreciation against the euro).

Market risk / interest rate risk

The group is exposed to interest rate risk because it has borrowed funds at variable rates of interest. Interest rate risk arises in particular from the variable interest rate portion of the loans concerned, which is pegged to current market interest rates and affects cash flow from financing activities. A 10 basis point change in the variable interest rate (EURIBOR), with all other variables remaining constant, in fiscal year 2022 would have resulted in an increase in the group's interest expense by €69 thousand (2021: €0 thousand).

Cash flow risk arises primarily from changes in market interest rates. Higher market interest rates result in an increase in cash outflow from financing activities, while lower rates result in a decrease. To mitigate the risk of changing cash flows in the future, the company entered into eight interest rate swaps as of December 31, 2022, each with a term running until 2027. In fiscal year 2022, the company generated interest income of €389 thousand (2021: €359 thousand) from these hedging transactions. The group did not apply hedge accounting in accordance with IFRS 9 in fiscal year 2022 or the previous year for these transactions.

The following table shows the change in interest rate swaps:

in € thousands	Maturity	Nominal amount at 31.12.2022	Fair value at 31.12.2021	Change in fair value	Fair value at 31.12.2022
Total	**12.02.2027**	**101,000**	**–780**	**1,937**	**1,157**

Credit risk / default risk

The credit risk or default risk is the risk resulting due to non-compliance with contractual agreements in the form of a contracting party's failure of comply with a payment obligation, which results in corresponding financial losses. To minimize this risk and to protect against defaults, and therefore financial losses, the group pays close attention to the credit quality of its contractual partners, takes out commercial credit insurance, and actively manages accounts receivable (see also notes 6.7 and 16). The maximum credit risk resulting from trade receivables, other financial assets and cash and cash equivalents is indicated in notes 16 and 18.

Liquidity risk

Liquidity risk describes the risk that an entity will not have sufficient cash to discharge its existing or future payment obligations, Central liquidity management monitors and manages the liquidity position of the subsidiaries on a daily basis, using rolling liquidity and cash flow forecasts to limit liquidity risk.

In fiscal year 2022, the company discharged all of its payment obligations under the bank liabilities. The total amounts in fiscal year 2022 were:

- Interest payments: €5,076 thousand (2021: €4,432 thousand)
- Principal repayments: €178,344 thousand (2021: €43,346 thousand)

The interest payments and principal repayments shown above are undiscounted cash outflows.

Furthermore, JOST is able to use a revolving facility amounting to €150,000 thousand to finance its business, of which €40,000 thousand was drawn down as of the reporting date (December 31, 2021: €25,000 thousand).

JOST successfully issued a new €130 million promissory note loan in 2022 that has maturities of three, five and seven years and both fixed and variable interest rates.

47. Capital management

The primary objective of the group's capital management activities is to ensure that the company can discharge all of its financial obligations in the future and secure the group as a going concern. The capital management activities cover the entire group. Strategies for controlling and optimizing the existing financing structure, in addition to the adjusted EBIT and adjusted EBITDA earnings figure include monitoring the development of working capital and cash flow.

The financial covenant from the loan agreements is monitored at the level of JOST Werke AG. Therefore the following table shows net debt and net debt to equity ratio based on the consolidated financial statements of JOST Werke AG. Net debt largely comprises long-term loans from banks less refinancing costs and from other lenders.

in € thousands	**31.12.2022**	31.12.2021
Interest-bearing loans	277,566	281,089
Cash and cash equivalents	80,681	87,482
Net debt	**196,885**	**193,607**
Equity	360,209	307,152
Net debt/equity ratio	55%	63%

Under the financing arrangements, the obligation to comply with covenants applies if the promissory note loans, the revolving credit facility or the loan for financing the acquisition of Ålö Holding AB are utilized. JOST Werke AG, Neu-Isenburg, complied with the relevant covenants at all times in both 2022 and 2021. In case of non-compliance with those financial covenants bank loans could be called to be paid back immediately.

48. Auditor's fees

Fees recognized for services provided by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, are composed of the following items:

in € thousands	**2022**	2021
Audit services	440	382
Tax advisory services	9	209
Total	**449**	**591**

The fees for the audit services related primarily to the audits of the consolidated financial statements and the audits of the single-entity financial statements of JOST Werke AG, JOST-Werke Deutschland GmbH and ROCKINGER Agriculture GmbH. The fees for tax advisory services mainly include fees for assistance with the preparation of tax returns and for assistance during tax audits conducted by the tax authorities, and general tax advisory services (e.g. reviewing tax assessments, assisting in meeting declaration obligations). The sharp decline in tax advisory services in the reporting period is the result of applying the Finanzmarktintegritätsstärkungsgesetz (German Act to Strengthen Financial Market Integrity – FISG), under which from January 1, 2022 it was no longer permitted to provide tax advisory services. The €9 thousand in 2022 includes €6 thousand of prior-period expenses and €3 thousand of services for the confirmation issued by the tax advisor for 2021. For subsidiaries outside Germany, tax advisory services, mainly relating to tax compliance work, were provided by member firms of PricewaterhouseCoopers International Limited (PwCIL).

49. Appropriation of profits of JOST Werke AG

A proposal will be made to the Annual General Meeting to distribute €1.40 per share from the net retained profit of €20,860 thousand shown by the parent company, JOST Werke AG, for the period ended December 31, 2022. This corresponds to a distribution of the entire net retained profit.

50. German Corporate Governance Code

The Executive Board and the Supervisory Board of JOST Werke AG issued a declaration in accordance with Section 161 of the Aktiengesetz (German Stock Corporation Act – AktG) on the German Corporate Governance Code and made it permanently available to shareholders by publishing it on the Internet on the JOST Werke AG website.

http://ir.jost-world.com/declaration-of-compliance

51. Events after the reporting date

Since March 20, 2023, the company has been operating under the name JOST Werke SE. There were no other significant, reportable events after the reporting date.

Neu-Isenburg, 22 March, 2023

Joachim Dürr Dirk Hanenberg Dr. Christian Terlinde

FURTHER INFORMATION

Responsibility statement

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

Neu-Isenburg, March 22, 2023

Joachim Dürr Dirk Hanenberg Dr. Christian Terlinde

Independent auditor's report

To JOST Werke SE, Neu-Isenburg

Report on the Audit of the Consolidated Financial Statements and of the Group Management Report

Audit Opinions

We have audited the consolidated financial statements of JOST Werke SE (formerly JOST Werke AG), Neu-Isenburg, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2022, and the consolidated statement of comprehensive income, consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the financial year from 1 January to 31 December 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of JOST Werke SE, which is combined with the Company's management report, including the remuneration report pursuant to § [Article] 162 AktG [Aktiengesetz: German Stock Corporation Act], including the related disclosures, included in section „Remuneration report" for the financial year from 1 January to 31 December 2022. In accordance with the German legal requirements, we have not audited the disclosures marked as unaudited in section "Risk management system and internal control system" of the group management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2022, and of its financial performance for the financial year from 1 January to 31 December 2022, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of the disclosures in section "Risk management system and internal control system" referred to above.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

1. **Recoverability of goodwill and intangible assets with indefinite useful lives**
2. **Recoverability of deferred tax assets in respect of loss carryforwards**

Our presentation of these key audit matters has been structured in each case as follows:

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

Hereinafter we present the key audit matters:

1. Recoverability of goodwill and intangible assets with indefinite useful lives

1. In the consolidated financial statements of JOST Werke SE goodwill amounting to EUR 87.5 million is reported under the “Goodwill” balance sheet item and a trademark with indefinite useful life amounting to EUR 64.9 million is reported under the “Other intangible assets” balance sheet item (in total 15.2% of total assets and 42.3% of equity). Goodwill and intangible assets with indefinite useful lives are tested for impairment by the Company once a year or when there are indications of impairment to determine any possible need for write-downs. In the context of the impairment test, the carrying amount of the relevant cash-generating unit respectively group of cash-generating units (including goodwill) as well as the carrying amount of the trademark is compared with the corresponding recoverable amount. For goodwill, the recoverable amount is generally determined on the basis of the value in use, and for the trademark on the basis of fair value less costs of disposal. The measurements of goodwill are normally based on the present value of the future cash flows from the cash-generating unit respectively group of cash-generating units to which the respective asset is to be allocated. The basis for measuring the recoverability of the trademark is the present value of the future cash flows allocated to the trademark. Present values are calculated using discounted cash flow models. For this purpose, the adopted medium-term business plan of the Group forms the starting point which is extrapolated based on assumptions about long-term rates of growth. Expectations relating to future market developments and assumptions about the development of macroeconomic factors are also taken into account. The discount rate used is the weighted average cost of capital for the respective cash-generating unit or group of cash generating units. The impairment test determined that no write-downs were necessary.

   The outcome of this valuation is dependent to a large extent on the estimates made by the executive directors with respect to the future cash flows, the discount rate used, the rate of growth and other assumptions, and is therefore subject to considerable uncertainty. Against this background and due to the complex nature of the valuation, this matter was of particular significance in the context of our audit.

2. As part of our audit, among other things we assessed the methodology used for the purposes of performing the impairment tests on goodwill respectively intangible assets with indefinite useful lives. After matching the future cash flows used for the calculation against the adopted medium-term business plan of the Group, we assessed the appropriateness of the calculation, in particular by reconciling it with general and sector-specific market expectations. In the knowledge that even relatively small changes in the discount rate applied can have a material impact on the value of the entity calculated in this way respectively intangible assets with indefinite useful lives, we focused our testing in particular on the parameters used to determine the discount rate applied, and assessed the calculation model. In order to reflect the uncertainty inherent in the projections, we evaluated the sensitivity analyses performed by the Company. Taking into account the information available, we determined that the carrying amounts of the cash-generating units respectively groups of cash-generating units, including the allocated goodwill, and the carrying amount of the trademark were adequately covered by the discounted future cash flows. Overall, the valuation parameters and assumptions used by the executive directors are comprehensible.

3. The Company's disclosures on goodwill and on the trademark with an indefinite useful life are contained in sections 6.2 "Goodwill and other intangible assets", 6.3 "Impairment of intangible assets with indefinite useful lives" and 9 "Goodwill and other intangible assets" of the notes to the consolidated financial statements.

2. Recoverability of deferred tax assets in respect of loss carryforwards

1. In the consolidated financial statements of JOST Werke SE deferred tax assets in respect of loss carryforwards amounting to EUR 25.2 million are reported. The deferred tax assets were recognized to the extent that the executive directors consider it probable that taxable profit will be available in the foreseeable future which will enable the unused tax losses to be utilized. For this purpose, insofar as sufficient deferred tax liabilities are not available, future taxable profits are projected on the basis of the adopted medium-term business plan. From our point of view, the accounting treatment of deferred taxes in respect of loss carryforwards was of particular significance in the context of our audit, as it depends to a large extent on the estimates and assumptions made by the executive directors and is therefore subject to uncertainties.

2. As part of our audit, we assessed the methodology used for the determination, accounting treatment and measurement of deferred taxes. Based on this, we assessed in particular the amount of the deferred tax assets recognized in respect of loss carryforwards on the basis of the Company's internal forecasts of the income tax consolidated groups' future earnings situation, and the appropriateness of the underlying estimates and assumptions. Based on our audit procedures, we were able to satisfy ourselves that the estimates and assumptions made by the executive directors are substantiated.

3. The Company's disclosures on deferred taxes are contained in sections 6.1 under "Recognition of deferred taxes on interest and loss carryforwards", 13 "Deferred tax assets and liabilities" and 41 "Income taxes" in the notes to the consolidated financial statements.

Other Information

The executive directors are responsible for the other information. The other information comprises the disclosures marked as unaudited in section "Risk management system and internal control system" of the group management report as an unaudited part of the group management report.

The other information comprises further

- the statement on corporate governance pursuant to § 289f HGB and § 315d HGB
- the separate non-financial group report to comply with §§ 315b to 315c HGB
- all remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information mentioned above and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report disclosures audited in terms of content or with our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

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

The executive directors and the supervisory board are further responsible for the preparation of the remuneration report, including the related disclosures, which is included in a separate section of the group management report and complies with the requirements of § 162 AktG. They are also responsible for such internal control as they determine is necessary to enable the preparation of a remuneration report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor’s report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group’s position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB

Assurance Opinion

We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file JOST_Werke_AG_KA_KLB_ESEF-2022-12-31.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 work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the electronic file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 1 January to 31 December 2022 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

Basis for the Assurance Opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above in accordance with § 317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering, of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB (IDW AsS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Legal Uncertainty about the Compliance of the Interpretation of Applicable European Requirements

Due to the conversion process chosen by the Company in relation to the information in the notes to the consolidated financial statements in iXBRL format ("block tagging"), the rendering of the consolidated financial statements into ESEF-Format is not completely machine readable in a meaningful way. The legal compliance of the interpretation by the executive directors, that meaningful machine readability of structured information in the notes to the consolidated financial statements is not explicitly required by the Delegated Regulation (EU) 2019/815 for the block tagging of the notes to the consolidated financial statements, is subject to legal uncertainty, which therefore also represents an inherent uncertainty in our audit.

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 renderings of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

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

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

Group Auditor’s Responsibilities for the Assurance Work 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 work. 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 opinion.
- Obtain an understanding of internal control relevant to the assurance work 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 opinion 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 in force at the date of the consolidated financial statements on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited group management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the consolidated financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 5 May 2022. We were engaged by the supervisory board on 22 November 2022. We have been the group auditor of the JOST Werke SE, 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).

Reference to an other matter– use of the auditor’s report

Our auditor’s report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be filed in the company register – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the “Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB” and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

Reference to supplementary audit

We issue this auditor’s report on the consolidated financial statements and the group management report as well as on the rendering of the consolidated financial statements and the group management report submitted for audit for the first time, contained in the file JOST_Werke_AG_KA_KLB_ESEF-2022-12-31.zip and prepared for publication purposes, on the basis of our audit, duly completed as at 22 March 2023 and our supplementary audit completed as at 27 March 2023, which related to the initial submission of the ESEF documents.

German public auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Thomas Heck.

Frankfurt am Main, 22 March 2023 / limited to the initial submission of the ESEF documents stated in the „Reference to Supplementary Audit“ section above: 27 March 2023

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Thomas Heck	ppa. Samuel Artzt
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Financial calendar

May 11, 2023	General Meeting
May 15, 2023	Interim Report Q1 2023
August 14, 2023	Half-year Financial Report H1 2023
November 13, 2023	Interim Report 9M 2023

Legal disclaimer

This document contains forward-looking statements. These statements reflect the current views, expectations and assumptions of the management, and are based on information currently available to the management. Forward-looking statements do not guarantee the occurrence of future results and developments and are subject to known and unknown risks and uncertainties. Therefore, actual future results and developments may deviate materially from the expectations and assumptions expressed in this document due to various factors. These factors primarily include changes in the general economic and competitive environment. Furthermore, developments on financial markets and changes in currency exchange rates as well as changes in national and international laws, in particular in respect of fiscal regulation, and other factors influence the company's future results and developments. Neither the company nor any of its affiliates undertakes to update the statements contained in this notification.

This annual report has been translated into English. Both language versions are available for download on the Internet at http://ir.jost-world.com/ In case of any conflicts, the German version of the annual report shall prevail over the English translation.

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