

A black and white photograph of a highway bridge with a central street lamp. The scene is overlaid with a network of white dots and lines, representing smart systems. The image has a motion blur effect, suggesting traffic moving quickly. The sky is cloudy.

SMART SYSTEMS FOR TRUCKS AND TRAILERS

ANNUAL FINANCIAL STATEMENTS 2017 (HGB)
JOST Werke AG

JOST Werke AG

Annual Financial Statements 2017

The Management Report of JOST Werke AG is combined with the Group Management Report in accordance with Section 315 (5) of the German Commercial Code (HGB) and is published in the Annual Group Report 2017 of the JOST Werke AG.

The Annual Financial Statements and the Management Report of JOST Werke AG for the year 2017 are published in the German Federal Gazette.

The Annual Financial Statements 2017 and the Annual Group Report 2017 of the JOST Werke AG can be found in the Investor Relations section of our website at <http://ir.jost-world.com/reports>

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

JOST Werke AG (formerly Cintinori Holding GmbH), Neu-Isenburg

Balance sheet as at December 31, 2017

	12/31/2017	12/31/2016
	EUR	EUR
A. Fixed assets		
I. Financial assets		
1. Shares in affiliated companies	556,321,424.48	0.00
2. Loans to affiliated companies	402,204.26	402,204.26
	556,723,628.74	402,204.26
B. Current assets		
I. Receivables and other assets		
1. Receivables from affiliated companies	207,807.60	189,498.27
2. Other assets	1,066,377.67	41.83
II. Cash on hand and bank balances	341,167.67	22,731.60
	1,615,352.94	212,271.70
C. Prepaid expenses	329,606.00	0.00
D. Deficit not covered by equity	0.00	3,527,930.21
	558,668,587.68	4,142,406.17

	12/31/2017	12/31/2016
	EUR	EUR
A. Equity		
I. Subscribed capital	14,900,000.00	25,000.00
II. Capital reserves	528,652,875.81	79,728,308.70
III. Net retained profit/net accumulated losses	7,450,000.00	-83,281,238.91
	551,002,875.81	-3,527,930.21
Deficit not covered by equity	0.00	3,527,930.21
	551,002,875.81	0.00
B. Provisions		
Other provisions	2,327,000.00	242,633.77
	2,327,000.00	242,633.77
C. Liabilities		
I. Liabilities to banks	74,375.00	0.00
II. Liabilities to affiliated companies	5,178,523.77	3,899,772.40
III. Other liabilities	85,813.10	0.00
	5,338,711.87	3,899,772.40
	558,668,587.68	4,142,406.17

Income Statement for the twelve months ended December 31, 2017

	2017	2016
	EUR	EUR
1.) Sales revenues	638,913.42	0.00
2.) Other operating income	81,634,506.00	583,506.39
3.) Aggregate operating performance	82,273,419.42	583,506.39
4.) Personnel expenses		
a) Wages and salaries		
b) Social security, post-employment and other employee benefit costs	-2,739,201.18	0.00
	-20,739.64	0.00
	-2,759,940.82	0.00
5.) Other operating expenses	-9,058,759.63	-363,569.75
6.) Income from long-term financial investments		
of which from affiliated companies €23,074.82 (previous year: €12,282.53)	23,074.82	12,282.53
7.) Other interest and similar income		
of which from affiliated companies €1,898.32 (previous year: €0.00)	22,908.32	0.00
8.) Interest and similar expenses		
of which to affiliated companies: €0.00 (previous year: €-38,365.09)	-74,394.86	-38,365.09
9.) Taxes on income	0.00	1.00
10.) Profit after taxes	70,426,307.25	193,855.08
11.) Other taxes	574.29	0.00
12.) Net income for the year	70,426,881.54	193,855.08
13.) Accumulated losses brought forward	-83,281,238.91	-83,475,093.99
14.) Withdrawals from capital reserves	20,304,357.37	0.00
15.) Net retained profit/net accumulated losses	7,450,000.00	-83,281,238.91

JOST Werke AG (formerly Cintinori Holding GmbH), Neu-Isenburg

Notes to the annual financial statements for fiscal year 2017

I. General information

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

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

JOST Werke AG’s annual financial statements are prepared according to the provisions of the Handelsgesetzbuch (German Commercial Code – HGB) as amended by the Bilanzrichtlinie-Umsetzungsgesetz (Accounting Directive Implementation Act – BilRUG), and taking into account the Aktiengesetz (German Stock Corporation Act – AktG). JOST Werke AG is a large corporation as defined in Section 267 (3) sentence 2 HGB.

Its fiscal year corresponds to the calendar year.

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

II. Accounting policies

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

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

Receivables, other assets, and cash are carried at their nominal values.

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

Prepaid expenses comprise advance payments for expenses that will be incurred in subsequent years. These are measured at their nominal amount.

Subscribed capital is shown at its nominal amount.

Provisions make appropriate allowance for all identifiable risks and obligations in accordance with prudent business judgment. They are measured at the settlement amount considered necessary in accordance with prudent business judgment.

Liabilities are carried at their settlement amount.

III. Notes to the balance sheet

1. Fixed assets/Financial assets

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

Fixed assets movement schedule
for the period from January 1 to December 31, 2017

	Costs			Depreciation/amortization			Carrying amounts 31/12/2017	Carrying amounts 31/12/2016
	Balance 01/01/2017	Addition	Balance 31/12/2017	Balance 01/01/2017	Reversals of write-downs	Balance 31/12/2017		
	€thsd.	€thsd.	€thsd.	€thsd.	€thsd.	€thsd.		
Shares in affiliated companies	79,725	476,597	556,322	79,725	79,725	0	556,322	0
Loans to affiliated companies	402	0	402	0	0	0	402	402
Financial assets	80,127	476,597	556,724	79,725	79,725	0	556,724	402
Total	80,127	476,597	556,724	79,725	79,725	0	556,724	402

The borrowing concerns the affiliated company Jasione GmbH, Neu-Isenburg, Germany.

In the past fiscal year, an impairment loss was reversed for the shares in affiliated companies in the amount of €79,725,000.00 and acquisition costs rose by €476,596,424.48 as a result of the increase in the capital reserves at Jasione GmbH.

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

List of shareholdings JOST Werke AG as of 12/31/2017					
Company	Share held by JOST Werke AG		Equity as of 12/31/2017	Earnings 2017	
Shares in affiliated companies			€ thsd.	1)	€ thsd.
					2)
Jasione GmbH Neu-Isenburg	100.00%	5)	346,019		42,570
JOST-Werke Deutschland GmbH Neu-Isenburg	100.00%	4) 5)	42,611		0
Jost-Werke International Beteiligungsverwaltung GmbH Neu-Isenburg	100.00%	4) 5)	36,326		0
Rockinger Agriculture GmbH Waltershausen / Germany	100.00%	3) 5)	722		-23
Regensburger Zuggabel GmbH Neu-Isenburg	100.00%	4) 5)	-1,121		0
JOST France S.à r.l. Paris / France	100.00%	3) 6)	5,189		654
JOST Iberica S.A. Zaragoza / Spain	100.00%	3) 6)	4,151		1,269
Jost Italia S.r.l. Milan / Italy	100.00%	3) 6)	2,232		453
Jost GB Ltd. Bolton / United Kingdom	100.00%	3) 6)	3,701		-145
Jost UK Ltd. Bolton / United Kingdom	100.00%	3) 6)	3,075		-3,287
ooo JOST RUS Moscow / Russia	100.00%	3) 6)	1,320		277
JOST Polska Sp. z o.o. Nowa Sól / Poland	100.00%	3) 6)	21,204		7,654
Jost Hungaria BT Veszprém / Hungary	100.00%	3) 6)	14,887		2,071
JOST TAT LLC Naberezhnye Chelny / Russia	100.00%	3) 6)	1,014		419
Tridec Holdings B.V. Son / The Netherlands	100.00%	3) 6)	14,265		2,717
Transport Industry Development Centre B.V. Best / The Netherlands	100.00%	3) 6)	4,717		4,052
Tridec Ltda. Cantanhede / Portugal	100.00%	3) 6)	3,908		783
JOST Achsen Systeme GmbH Calden / Germany	100.00%	4) 5)	25		0
Jost Axle Systems Southern Europe S.A.S. Lattes / France	100.00%	3) 6)	1,866		451
JOST (S.A.) Pty. Ltd. Chloorkop / South Africa	100.00%	3) 5)	5,572		3,308
JOST Transport Equipment Pty. Ltd. Chloorkop / South Africa	100.00%	3) 5)	7,719		632
Jost Australia Pty. Ltd. Seven Hills / Australia	100.00%	3) 6)	12,055		2,761
JOST International Corp. Grand Haven, Michigan / U.S.A.	100.00%	3) 6)	18,611		7,143
Jost (China) Auto Component Co. Ltd. Wuhan, Hubei Province / People's Republic of China	100.00%	3) 6)	19,910		6,038
Jost (Shanghai) Auto Component Co. Ltd. Shanghai / People's Republic of China	100.00%	3) 6)	3,962		-1,175
JOST (Shanghai) Trading Co. Ltd. Shanghai / People's Republic of China	100.00%	3) 6)	582		-529
Jost Far East Pte. Ltd. Singapore	100.00%	3) 6)	3,389		1,191
JOST Gigant Auto Components Pte. Ltd. Jamshedpur / India	100.00%	3) 6)	9,003		1,681
JOST Japan Co. Ltd. Yokohama / Japan	100.00%	3) 6)	246		51
Other long-term equity investments					
JOST Brasil Sistemas Automotivos Ltda. Caxias do Sul / Brazil	49.00%	3) 6)	15,262		4,444

- 1) Translated at the average rate on the closing date
- 2) Translated at the average rate of the year
- 3) Held indirectly via Jasione GmbH
- 4) Held indirectly via Jasione GmbH, after profit transfer agreement
- 5) Data from companies' preliminary annual financial statements
- 6) Data from companies' reporting packages compiled for consolidation purposes

2. Receivables and other assets

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

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

3. Prepaid expenses

Prepaid expenses at the reporting date amount to €329,606.00 (previous year €0.00) and comprise payments for an insurance policy that will be incurred in subsequent years.

4. Deficit not covered by equity

The deficit not covered by equity in the previous year had amounted to €3,527,930.21 and resulted from losses brought forward. As a result of the capital increases in June and July 2017, equity is completely covered.

5. Equity

Subscribed capital had amounted to €25,000 in the previous year and was fully paid up. The deficit not covered by equity was therefore presented on the assets side of the balance sheet under item D.

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

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

The conversion of the GmbH (German private limited company) into an Aktiengesellschaft (German stock corporation) resulted in conversion of the GmbH shares into stocks.

According to the resolution of the shareholders' meeting on June 23, 2017, management was authorized, with the approval of the Supervisory Board, to increase the share capital of the Company by up to €5,000,000 on one or more occasions by issuing up to 5,000,000 new shares against cash or non-cash contributions by June 1, 2022 (Authorized Capital 2017). Further details of Authorized Capital 2017 can be found in Article 5 of the Articles of Association. The Company's extraordinary General Meeting held on July 18, 2017, adopted a resolution to increase the Company's share capital by €4,875,000 from €10,025,000 to €14,900,000 against cash contributions while disapplying the pre-emptive rights of shareholders by way of the issue of 4,875,000 new, no-par value bearer shares with an notional value of €1.00 each.

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

As of December 31, 2017, the Company's subscribed capital amounted to €14,900,000, which is fully paid-up and divided into 14,900,000 no-par value shares.

Change in capital reserves:

Capital reserves	2017	2016
	€ thsd.	€ thsd.
Balance on 01/01	79,728	79,728
Allocation by shareholders' meeting	342,479	0
Allocation of new shares in connection with the IPO	126,750	0
Withdrawals during the fiscal year	-20,304	0
Balance on 12/31	528,653	79,728

Change in net retained profit/net accumulated losses

Net retained profit/net accumulated losses	2017	2016
	€ thsd.	€ thsd.
Balance on 01/01	-83,281	-83,475
Profit for the year, 2017	70,427	194
Withdrawal from capital reserves	20,304	0
Balance on 12/31	7,450	-83,281

Net retained profit includes a loss brought forward of €83,281,238.91. The prior-year net accumulated losses shown in the table above also include the portion of net accumulated losses not covered by equity.

6. Provisions

Provisions of €520,000.00 (previous year: €242,633.77) are comprised of provisions for outstanding invoices in connection with legal and advisory costs, costs of preparing the annual financial statements, and the remuneration of the Supervisory Board. Personnel-related provisions of €1,807,000.00 (previous year: €0.00) were also recognized.

7. Liabilities to banks

Liabilities to banks in the amount of €74,375.00 (previous year: €0.00) relate to commitment fees for the €80 million revolving facility that had not been drawn by the reporting date and are not secured by rights of lien or similar rights.

Liabilities to banks are due in less than one year.

8. Liabilities to affiliated companies and other liabilities

Liabilities include €5,178,523.77 (previous year: €3,899,772.40) in liabilities to affiliated companies arising from cost transfers and other liabilities in the amount of €85,813.10 (previous year: €0.00).

As in the previous year, the liabilities are due in less than one year.

IV. Notes to the income statement

1. Sales revenues

Sales revenues of €638,913.42 (previous year: €0.00) are exclusively attributable to service agreements with affiliated companies and were generated in Germany.

2. Other operating income

In the fiscal year ended, other operating income mainly consisted of reversals of impairment losses charged on shares in affiliated companies in the amount of €79,725,000.00. This item also includes income of €1,001,791.79 arising from credit items from the former shareholder Jantinori 2 S.à r.l., Luxembourg (previous year: €579,420.00). Other operating income includes prior-period income from the write-up of input tax claims in the amount of €657,405.79 (previous year: €0.00), from the reversal of provisions amounting to €222,633.77 (previous year: €0.00) and from the credit items of the former shareholder in the amount of €319,000.00 (previous year: €0.00).

3. Personnel expenses

The Company reported personnel expenses for the first time in the past fiscal year, because since its transformation into a stock corporation the Company has employed the members of the Management Board and three further employees.

4. Other operating expenses

Other operating expenses mainly entail expenses arising in connection with the IPO as well as legal and consulting costs (€7,528,360.30; previous year: €151,856.24), the costs of preparing the annual financial statements (€900,955.55; previous year: €73,500.00), and expenses for Supervisory Board remuneration (€254,954.57; previous year: €0.00). In the preceding year, this item had also included expenses from specific valuation allowances on receivables in the amount of €132,704.98.

5. Income from long-term financial investments

This item exclusively comprises income from affiliated companies.

6. Other interest and similar income

Other interest and similar income relates to affiliated companies in the amount of €1,898.32 (previous year: €0.00). In the fiscal year ended, this item also included refunds from the tax office for prior-period interest in the amount of €21,010.00.

7. Interest and similar expenses

In the fiscal year ended, interest and similar expenses mainly related to bank fees in the amount of €74,375.00. In the previous year, this item had solely comprised expenses from affiliated companies (€38,365.09).

8. Other taxes

Other taxes exclusively relate to prior-period VAT.

V. Other information

1. Contingent liabilities

In the previous year, shareholdings and certain Group receivables and bank balances of JOST Werke AG had been transferred to the underwriting syndicate as collateral. This meant that JOST Werke AG was liable for third-party liabilities of companies in the JOST Group (December 31, 2016: €320,025 thousand). When the JOST Group was refinanced in 2017, this contingent liability ceased to exist. No collateral was assigned to the underwriting syndicate as of December 31, 2017.

2. Number of employees

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

3. Management Board (formerly: Executive Management)

Lars Brorsen, cand.oecon., Heubach
Chairman of the Management Board
Chief Executive Officer

Member of the Supervisory Board of diverse companies:

- Chairman of the Supervisory Board, Dinex A/S, Denmark
- Member of the Supervisory Board, JOST Brasil Sistemas Automotives Ltda., Caxias do Sul, Brazil

Dr.-Ing. Ralf Eichler, Diplom-Ingenieur, Dreieich
Chief Operating Officer

Christoph Hobo, Diplom-Kaufmann, Frankfurt am Main
Chief Financial Officer

4. Supervisory Board

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

Manfred Wennemer (Chair)

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

- Member of the supervisory board, Allianz AG, Munich, Germany

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

Prof. Dr. Bernd Gottschalk (Deputy Chair)

Occupation: Management consultant, Managing Partner of AutoValue GmbH

- Member of the supervisory board, Schaeffler AG, Herzogenaurach, Germany
- Member of the supervisory board, Plastic Omnium S.A., Paris, France
- Member of the advisory board, Plastic Omnium Auto Components GmbH, Hörselberg-Hainich, Germany
- Chairman of the advisory board, WOCO Franz Josef Wolf Holding GmbH, Bad Soden-Salmünster, Germany
- Chairman, Schlemmer Holding GmbH, Poing, Germany
- Chairman of the advisory board, Factor GmbH, Potsdam, Germany
- Member of the advisory board, Serafin Unternehmensgruppe GmbH, München, Germany
- Member of the advisory board, BLG Logistics Group AG & Co. KG, Bremen, Germany
- Member of the economic advisory board, Bankhaus Lampe, Düsseldorf, Germany
- Managing Director, AutoValue GmbH, Frankfurt, Germany

Natalie Hayday

Occupation: Management consultant

- Member of the supervisory board and audit committee, LEG Immobilien AG, Düsseldorf, Germany

Rolf Lutz

Occupation: Graduate engineer, retired

- No other posts on supervisory/control bodies

Jürgen Schaubel

Occupation: Consultant, Oaktree Capital Management

- Member of the board of directors, Veridis Environment Israel Ltd. Herzliya, Israel
- Chairman of the board of directors, InMEDiG Holding AG, Baar, Switzerland
- Managing Director, JS Consultants, Baar, Switzerland

Klaus Sulzbach

Occupation: Auditor/tax advisor

- No other posts on supervisory/control bodies

5. Remuneration of the Management Board and Supervisory Board

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

Including fringe benefits, the total cash benefits (= total benefits) of the Management Board amounted to €2,800 thousand (2016: €0 thousand).

6. Consolidated financial statements

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

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

7. Auditor's fee

In accordance with Section 285 No. 17 HGB, the fees for the auditors are stated in the consolidated financial statements of JOST Werke AG. In addition to auditing the single-entity and consolidated financial statements, the auditors performed other assurance services (especially services for issuing of a letter of comfort in connection with reviewing the offering circular) and tax advisory services (mainly the preparation of tax returns, assistance with tax audits, and advice on transfer pricing problems).

8. Report of subsequent events

No events or developments occurred that would have led to a change in the presentation or the carrying amount of the individual assets and liabilities as of December 31, 2017.

9. Proposal on the appropriation of profits

A proposal will be made to the Annual General Meeting to distribute €0.50 per share from the net retained profit of €7,450 thousand shown by JOST Werke AG for the period ended December 31, 2017.

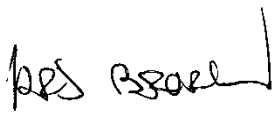
10. Disclosures in accordance with Section 160 (1) No. 8 AktG

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

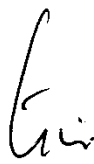
11. Declaration of conformity pursuant to the German Corporate Governance Code

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

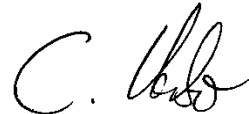
Neu-Isenburg, Germany, March 14, 2018



Lars Brorsen



Dr. Ralf Eichler

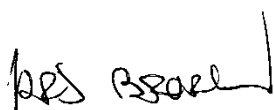


Christoph Hobo

Responsibility statement

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

Neu-Isenburg, Germany, March 14, 2018



Lars Brorsen



Dr. Ralf Eichler



Christoph Hobo

Independent Auditor's Report

To JOST Werke AG, Neu-Isenburg

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

Audit Opinions

We have audited the annual financial statements of JOST Werke AG (former Cintinori Holding GmbH), Neu-Isenburg, which comprise the balance sheet as at 31. December 2017, and the statement of profit and loss for the financial year from 1. January to 31. December 2017, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of JOST Werke AG, which is combined with the group management report, for the financial year from 1. January to 31. December 2017. We have not audited the content of those parts of the management report listed in the "Other Information" section of our auditor's report in accordance with the German legal requirements.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Company as at 31. December 2017 and of its financial performance for the financial year from 1. January to 31. December 2017 in compliance with German Legally Required Accounting Principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the management report does not cover the content of those parts of the management report listed in the "Other Information" section of our auditor's report.

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

Basis for the Audit Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law

and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

Key Audit Matters in the Audit of the Annual Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the financial year from 1 January to 31 December 2017. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matter of most significance in our audit was as follows:

- ① Accounting treatment of the contribution of the shareholder loan and measurement of shares in the subsidiary

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

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

Hereinafter we present the key audit matter:

① Accounting treatment of the contribution of the shareholder loan and measurement of shares in the subsidiary

- ① In JOST Werke AG's annual financial statements shares in the subsidiary are reported as shares in affiliated companies amounting to EUR 556.3 million (99.6% of total assets) under the "Financial assets" balance sheet item as at 31 December 2017. The carrying amount of the shares in the subsidiary increased by a total of EUR 556.3 million during the financial year due to a write-up of EUR 79.7 million to the historical cost as well as to an in-kind contribution of loan receivables amounting to EUR 352.5 million and further contributions to the capital reserves of the subsidiary amounting to EUR 124.1 million.

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

The outcome of this measurement is dependent to a large extent on the estimates made by the executive directors of the future cash flows, and on the discount rate and rate of

growth applied. The measurement is therefore subject to material uncertainties. Against this background and due to the highly complex nature of the measurement and its material significance for the Company's assets, liabilities, and financial performance, these matters were of particular significance in the context of our audit.

- ② As part of our audit, we evaluated, among other things the usability of the valuation report on the contributed shareholder loans prepared by an external expert as at the date of the contribution. This also involved evaluating the professional qualification of the external expert. Furthermore, we gained in particular an understanding of the data underlying the valuation report, the assumptions made or applied and the measurement method, and assessed their appropriateness. Given the special features of the process for determining the interest parameters, the measurement assumptions and the calculation, we received assistance from our internal specialists for company valuation.

With respect to the measurement of the shares in the subsidiary as at 31 December 2017, we assessed the valuation method and evaluated whether the fair value was appropriately determined using the discounted cash flow method, taking into account the relevant measurement standards. For this purpose, we evaluated whether the underlying future cash inflows and the costs of capital used form, as a whole, an appropriate basis. In doing so, we based our assessment, among other things, on a comparison with general and sector-specific market expectations as well as on the executive directors' detailed explanations regarding the key value drivers underlying the expected cash flows. With the knowledge that even relatively small changes in the discount rate applied can in some cases have material effects on values, we also focused our testing on the parameters used to determine the discount rate applied, and evaluated the calculation model. In addition, a comparison against the market capitalization of JOST Werke AG was carried out since the entirety of the Group's operating business is conducted by companies below the level of the subsidiary.

Overall, taking into consideration the information available, in our view the measurement parameters applied and assumptions used by the executive directors are appropriate overall for the purpose of measuring the shares in the subsidiary and accounting for the in-kind contribution of the shareholder loans as well as the further contributions to capital reserves.

- ③ The Company's disclosures pertaining to investments and their recoverability are contained in the section entitled "Accounting policies" and note 1 "Fixed assets/Financial Assets" in the notes to the annual financial statements.

Other Information

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

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

The other information comprises further the remaining parts of the publication „Annual Group Report 2017 JOST Werke AG“ – excluding cross-references to external information – with the exception of the audited annual financial statements, the audited management report and our auditor’s report.

Our audit opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Annual Financial Statements and the Management Report

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

In preparing the annual financial statements, the executive directors are responsible for assessing the Company’s ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

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

legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

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

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

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor by the extraordinary shareholder meeting on 23. June 2017. We were engaged by the supervisory board on 30. October 2017. We have been the auditor of the JOST Werke AG, Neu-Isenburg, without interruption since the financial year 2014.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Stefan Hartwig.

Frankfurt am Main, March 14, 2018

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

[Original German version signed by]

Stefan Hartwig
Wirtschaftsprüfer
[German Public Auditor]

ppa. Benedikt Goldschmidt
Wirtschaftsprüfer
[German Public Auditor]

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